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**ESTABLISHED 1887** 

# A Testy Clinton Backs UN Shield for Bosnian Border

WASHINGTON - President Bill Clinton on Friday embraced a United Nations plan to deploy troops on the Bosnia-Serbia border and testily denied that he had been indecisive and vaciliating on the Bosnian crisis.

While describing the UN plan as a "very good next step" toward ending civil war in the former Yugoslavia, he said there were no plans for U.S. troops to take part.

In a formal press conference in the White House Rose Garden, Mr. Clinton tried hard to keep the focus on U.S. domestic issues, ranging from the federal deficit to his appointments to the Justice Department, but he was repeatedly forced to respond to questions on his Bosnia

He fielded a mumber of questions suggesting he was "waffling" and "vacillating" on the

By Margaret Shapiro

MOSCOW - As Russia's political world

emerged from a long holiday break this week, it became clear that President Boris N. Yelt-

sin has gained the upper hand over his adver-

saries, who seem on the defensive after the

nationwide vote last month in favor of Mr. Yeltsin and his economic program.

In the last week a newly invigorated Mr. Yeltsin has moved swiftly to dismiss or di-

muish some highly placed opponents, including his own vice president. He has apparently signed a decree to speed up the privatization of state-owned industries. And

NEWS ANALYSIS

he has benefited by public and police revul-sion of a May Day clash between Communist

protesters and riot troops, in which one offi-

Most important, Mr. Yelssin has moved aggressively to do what democratic reformers here said be should have flone right after the

failed Angust 1991 coup — give Russia a democratic constitution to replace the Sovietera law still in place. That old constitution, with its unwisidy Soviet political structure, has faciled Russia's power strengles find styriced Mr. Yeltsia's offects an scannishing life.

Yeltsin, on the Upcurve,

**Moves Swiftly to Exploit** 

Weakened Adversaries

Bosnian issue and finally took umbrage at the accusation, saying members of Congress had told him privately that this was an unusually "I believe we should continue to turn up the tough issue and had congratulated him on trying to do more than his predecessor, George Bush, a Republican.

"I have got a clear policy," Mr. Clinton said. "I have got more done on this than my prede-cessor did."

He added: "You can't force everyone to fall in line overnight, people that have been fighting

each other for centuries. "We are not vacillating. We have a clear strong policy."

That policy, he said, was to continue to press for the combined Muslim rearmament and alhed air-strike option that apparently had been rejected by some European allies who say an

As telling has been the subdued reaction, at least for now, of his chief adversaries, law-

makers in the Congress of People's Deputies. Up to the April 25 referendum, they attacked

Mr. Yeltsin and his programs mercilessly, certain when they failed to impeach him in late March that they would defeat him at the

But that did not happen. Not only was Mr. Yehsin given a substantial vote of confidence, but the most overwhelming vote was cast in favor of new elections for the legisla-

ture, in effect a stunning vote of no-confi-

dence in the legislators.

Since then, they have been unusually quiet,

Since then, they have been unusually quiet, unsure of which way to go. The legislators "didn't realize how out of touch they were," a Western diplomat said. "Now they don't know how to proceed."

Initial rumblings about a post-referendum special session of the Congress faded when the results became known. It is far from certain prove that enough delegates would

certain now that enough delegates would

show up to form a quorum. A key centrist who has opposed Mr. Yeltsin, Nikolai Trav-

kin, said he was resigning from the Congress because of voters' lack of confidence in the

legislature. Other centrists have said they will

have to rethink their opposition to Mr. Yeltsa's economic program.
Legislative leaders also stimbled badly

when they attached the government's hand of the May Day clashes. Their criticism are the May Day clashes. Their criticism are the May Day clashes, are the criticism and the May Day Clashes. Their criticism are the May Day Clashes.

the powerful interior Ministration and Resident Ministration of the powerful interior Ministration and the powerful interior Ministration and the ministration of the with Mr. Yeltsin.

Congress and Mr. Yeltsin's most bring critic,

See YELTSIN, Page 4

Nine of the 15 former Soviet republics de-

clare intent to build economic union. Page 4.

pressure." Mr. Clinton said. The best way to do it, he said, was to lift the international arms embargo against Bosnia's outgunned Muslims and keep open the possibility of air strikes against Bosnian Serbian artillery until the Mus-

ms were properly armed. He repeated U.S. insistence that any intervention be done only in concert with European allies and said he saw no role for U.S. ground troops while hostilities continued.

"We should not introduce American ground forces into the conflict on behalf of one of the belligerents," he said, "and we must move with our allies. It's a very difficult issue."

Asked if he would favor using air strikes alone, Mr. Clinton said: "The best use of air

nother option at this time."

Mr. Clinton said he had not decided whether to have American troops join UN peacekeeping forces in Macedonia, but he said he was committed to keeping the fighting from spreading

into other former Yugoslav republics.
He said he supported a pending UN resolution that calls for UN forces to patrol the Serbia-Bosnia border to ensure Serbia keeps its pledge not to arm the Bosnian Serbs.

But he said there was no role for U.S. troops planned in that deployment and ruled out sending in U.S. troops to take sides in the fighting.

Although U.S. officials have said that Mr.

Clinton is considering a proposal to send a small contingent of U.S. troops to Macedonia. the southernmost province of the former Yugoslavia, to keep the war from spreading there,

power is the one I have outlined. I do not favor Mr. Clinton indicated that no decision was

"On the question of Macedonia," he said, "the Defense Department has that and many other options under review for what the UN, the allies, could do to make sure we confine this conflict. I have not received a recommendation from them, therefore I have made no decision."

But he restated a U.S. threat to "take strong action" — without specifics — in Kosovo, a province of Serbia bordering Albania, if the Bosnian ethnic conflict spread there. "The Bush administration, before I became sident, issued a clear warning to the Serbs that if they tried to occupy Kosovo and oppress the Albanians there, the United States would be prepared to take some strong action, and I have

See CLINTON, Page 4

# **Metalworkers** In Germany Reach Strike Settlement

Union Members to Vote On a Plan That Is Seen As an IG Metall Victory

> By Brandon Mitchener International Revold Tribune

FRANKFURT - Striking East German metalworkers reached a tentative agreement with employers Friday to end a walkout that had threatened to push Germany deeper into recession, bringing hope for social harmony to a country disrupted by a growing East-West

The compromise, reached in a 21-hour bargaining session in Dresden, capital of the eastern state of Saxony, sets a new target date of 1996 for wages of 450,000 workers in the East German metalworking and steel industries to reach parity with West German levels.

The employers' unilateral cancellation of a previous accord on wage increases had led to the strike.

The agreement Friday also contains an opt-out clause for companies that are on the brink of bankruptcy. Employers had insisted on the owing much of Eastern Germany's industry. "A lot of companies will have to make use of the escape clause," said Hans Peter Münter, chief negotiator for employers, who called the compromise "painful."

But the accord was seen as a victory for IG Metall, the metalworkers union, for having extracted a compromise solution from employers after they unilaterally canceled the previous contract in April. The accord also is expected to act as a model for labor-management talks in other East German states where a transition from the old Communist to a capitalist industrial system is being worked out.

Union members are to vote Monday and Tuesday on the proposed accord. If it is approved, they are to formally end their strike

Wednesday. The walkout began May 3.

The cancellation of the contract was unprecedented in postwar German labor relations and raised fears that German industry would try to react to a worsening recession mainly by laying

In response, IG Metall rallied 40,000 East German workers to the picket lines, for the first legal strike in Eastern Germany in more than 60 years. About 300,000 West German workers omed strikes in sympathy - or out of fear for the future of their own jobs -- on Wednesday. Employers canceled the original contract

with metalworkers because of wage demands that far exceeded increases in productivity driving up the ecst of doing business in the East and scaring away investors.

West German wage increases in the last sev-

eral years have also exceeded productivity increases, and employers had hinted that inflexihility on the union's part in the East would lead to further such unilateral action in the West.

Thomas Mayer, an economist at Goldman Sachs in Frankfurt, was one who did not wel-come the accord. He said the compromise reached in Dresden confirmed his fears that unions would continue to press for higher wages for their members without regard to the

possible consequences for employment.

"This was pretty much a union victory." Mr. Mayer told Renters. "It shows that post-unification Germany is a country where unions play a very strong role and are capable of pushing through a deal even if it has ao root in economic

He added. "The main effect of the East German strike and high wage growth will be an increase in government transfers to cover the cost of rising unemployment and subsidies to ailing enterprises unable to pay their wage bills."

Employers had said that the 26 percent increase in wages and benefits originally demanded by 1G Metall for its East German workers this year would result in 100,000 layoffs. The compromise reached Friday was not much different from that original union goal, which called for a 21.7 percent increase in wages that would bring East German metalworkers' basic

See STRIKE, Page 4

# Rebel Serbs Rebuff Chiefs As Bosnian War Flares

Compiled by Our Staff From Dispatche

BELGRADE - An attempt by Serbian leaders to reassert control over rebel Serbs pursuing the war in Bosnia-Herzegovina failed Friday when hard-liners walked out of a meeting seeking ratification of the UN-EC peace

At the same time, a five-day-old cease-fire appeared to collapse amid heavy fighting in Bosnia. Muslim-led Bosnian government troops fought desperately on two fronts: in the north against Serbs ignoring the cease-fire and in the south against Croats.

The United Nations condemned what it

called "extremely serious" violations of the cease-fire by Bosnian Serbian forces, who were on the offensive against government troops clinging to the outskirts of the strategic northern town of Brcko.

The leaders of the rump Yugoslavia and its two republics, Serbia and Montenegro, convened what was billed as a pan-Serbian assembly in an apparent attempt to scuttle a referendum by Bosnian Serbs on the Vance-Owen

But the meeting did not dissuade Bosnian Serbs from continuing with plans for the refer-endum Saturday and Sunday. Their leader, Radovan Karadzic, signed the peace plan on May 2, but made his acceptance conditional on endorsement by the self-proclaimed Bosnian Serb parliament. That body rejected it, but said a referendum abould deliver the final verdict.

Delegates to the pan-Serbian conference here backed the peace plan put forward hy the EC mediator. Lord Owen, and the UN envoy, Cyrus R. Vance, but only after hard-liners opposed to the plan walked out.

"We support the peace plan for Bosnia as the only solution offered by the international community for cessarion of hostilities," a declaration approved by the assembly said. But the leaders of rebel Serbs in Bosnia

rejected the declaration. This parliament has not contributed any-See BOSNIA, Page 4



Tomislay Mikolic, vice president of the Serbian Radical Party, asking to be recognized Friday before the walkout in Belgrade. At right is Vojislav Seselj, the party leader.

# Devaluations: Business as Usual or Surrendering to Speculators?

By Carl Gewirtz one Herold Tribune

PARIS - The devaluation of the Spanish pesets and the Portoguese escado this week for most observers was a near-perfect example of the European Monetary System functioning as it was intended: a swift adjustment of

values when clearly accessary.

Bundenbank President Helaunt Schlesinger praisedSpain and Pottugal for acting promptly to arrest tensions 
in the European caracacy grid by making timely changes 
when justified by economic fundamentals.

"The person and estude devaluations," he said, "com-

bined with their insention to remain in the exchange-rate mechanism, is a correct, and, politically speaking, comagons step," he said. "May this have the desired consequences of puring an end to the speculation."

"The gets the ERM back to functioning normally," another menetary official agreed. "One lesson from last

autumn is to recognize that if inflation pressures are not under control - and wages in Spain are not - then you have to draw the lesson and move speedily. I don't regard the devaluations as a failure, rather a more reasonable

**NEWS ANALYSIS** 

attitude than prevailed last year." Governments fiercely resisted realignments before the currency turnoil of last

The minority view, as expressed by Professor Charles Wyplosz of the European Institute of Business Adminis-tration in Fontaineblean, France, was that the devaluations were a lamentable example of rampant speculation in the foreign-exchange market overcoming the defensive

capacities of national central banks.

The critical question dividing the two camps is whether the Spanish devaluation was justified by economic fundamentals. Portugal, whose trade is closely aligned with Spain, is seen as a passive partner obliged to follow the lead of its neighbor.

The official view, as expressed in last month's annual report by central bank governors of the European Com-munity, is that Spain's devaluations of 5 percent last September and 6 percent in December had left the peseta "approaching the levels prevailing when it entered the exchange-rate mechanism in June 1989."

At the Organization for Economic Cooperation and Development, the two devaluations were seen as not quite restoring all the ground the peseta had lost.

Mr. Wyplosz challenged this view. Noting that the

profitability of Spanish companies was currently about as high as it has been over the past 13 years, he said the exchange rate was already at a competitive level.

Norbert Walter, chief economist at Deutsche Bank, concurred in the view that the peseta was not overvalued.

"At best it was a borderline case, but I don't believe

devaluation is an optimal route to success." Putting aside the debate about the purchasing value of the peseta, Neil MacKinnon, London-based economist at Citibank, said Spain simply could not live with the shortterm interest rates of more than 15 percent needed to defend the currency. With growth slowing and with the uncomployment rate at 21.7 percent and rising, "Spain had a fundamental need to bring interest rates down," he said.

tion rate, an important money market rate. Friday by 1.5 points, to 11.5 percent. But here again Mr. Wyplosz disagreed, contending that inflation-adjusted interest rates in Spain are almost as high as they were all during the 1980s — a decade of

This is a widely held view, and Spain cut its interven-

"Unemployment is high and rising throughout Europe

See EMS, Page 11

# **Gunman** in Paris **Insists on Ransom**

By Barry James uional Herold Tribime

NEUILLY-SUR-SEINE, France - A hooded gunman held six nursery-school children and their teacher hostage into a second night Friday, as negotiators tried to talk him out of taking the toddlers with him as getaway shields.

The man threatened he would bleed his hostages to death or blow them up unless the authorities paid a huge ransom and guaranteed his escape. After more than 38 hours, he was described as still lucid

Senior officials made it clear their only concern at this stage was to rescue the children without using violence.

A white delivery van containing three large blue metal boxes was driven into the yard of the school, where the gunman seized the nursery class early Thursday, sparking speculation that it contained the 100 million franc (\$18.5 million) ransom he had demanded. A Renault Espace van with blacked-out windows and video equipment, as demanded by the kidnapper, also arrived at the school.

The police cleared a road leading away from the school, indicating that they might be preparing a getaway route. The children were given mild tranquilizers and settled down for a

second night in their sleeping bags. Their teacher, whom officials have praised for keeping the situation calm, returned to the classroom late Friday after catching a couple of hours' sleep. She was replaced during her absence hy a fire department captain. The standoff turned the school, on a quiet suburban street lined

with chestnut trees and lilacs in bloom, into a scene of surreal nightmare. Hundreds of policemen, firemen, emergency workers and reporters mingled outside the school as senior officials tried to reason the gunman ont of harming the children.

Parents huddled in a room near the classroom where the gunman

claimed he had a bomh and a detonator in his left hand, and the See HOSTAGES, Page 4

### Kiosk

### Bomb Injures 10 in Rome

ROME (Reuters) — A car bomb exploded Friday night in one of Rome's wealthiest residential neighborhoods, injuring at least 10 people.

The national police chief. Vincenzo Parisi, said that the blast was a "grave terrorist act. Italian television said that a

probahle target was Maurizio Costanzo, a popular television personality who was taping a talk show at theater near the site of the attack in the Parioli district. He was not hurt.

Related article, Page 2

European airlines' woes spoil a single-market party. Page 11. Dow Jones Trib Index

**Business/Finance** 

Down 4.98 Up 0.77% 99.94 3,443.01 The Dollar 1.616

New York Fn. close DM 1.602 Pound 1.539 1.522 5.4065

ittle attention when it comes nat food is a nomobile for zing to eat in

Wrapped in a blanker, the mother of one of the bostages waited outside the school on Friday as negotiations with the kidnapper of the six children dragged on.

The state of the s

# Even Foes of Treaty Expect Narrow 'Yes' By Danes Tuesday

ington Post Service COPENHAGEN — Denmark's

second attempt, on Tuesday, to rat- of the country's 46 newspapers. Laify the Maastricht Treaty on Euro- bor and management are united in pean Union, a grand plan for a support of the pact.

Support of the pact.

But pro-Europe sentiment is only skin-deep.

Whether they vote 'yes' or 'no,'

Whether they vote 'yes' or 'no,'

dicted last June, when the Danish sense that we are throwing some of electorate surprised polisters with a our democracy down to Brussels." 50.7 percent "no" vote, sparking a said Henning Olsson, domestic edi-Europeao currency crisis aod promises to add a dose of democracy to the European Community and its widely loathed bureaucracy cy to the European Community and its widely loathed bureaucracy

in Brussels. Denmark's new prime minister, Poul Nyrup Rasmussen, has waged a far more active campaign than his excited about European unity than predecessor did last year. He seeks they would be by root-canal work. to swing 24,000 votes in a country of 5 million by focusing on EC concessions allowing Denmark to ty," she said. "We feel we belong them is opt out of plans for a common more to Scandinavia, and there is

With the latest Gallup poll showing the pro-treaty side ahead, 50 py Europe.' most diehard advocates of the treaty's rejection say they are headed toward defeat.

"I think our prime minister has succeeded in confusing the people nationalism, people looking in-and spreading fear," said Niels wards and protecting themselves, Meyer, a physicist and leader of the

anti-treaty campaign. "Unfortunately, most people are just tired of hearing about this," he out the rest of us," she said. said. "So they will vote 'yes' and political interest and involvement will slowly decrease, and one day people will realize that independent Denmark is over, that they are being governed from Brussels.

bates on the treaty has been pathet-

Supporters of unification such as striped bees that make EC-ap-Chancellor Helmut Kohl of Ger-proved honey. many warn that the Community will charge ahead without Denmark and Britain if they refuse to

The treaty goes into effect only if all 12 EC countries approve it. Maastricht opponents see the Danes as the last chance to save tradidonal Europe and prevent rule by the Brussels bureaucracy. Britain's anti-Maastricht camp, led by former Prime Minister Margaret Thatcher, has turned Denmark into its own battle turf, taking out antitreaty ads in Danish newspapers

and dispatching members of parlia-ment and other Conservative offi-The Britons are not welcome Such worries flared last week, from 8 percent to 40 percent.

Official Denmark is lined up al- Danes.

most entirely on the "yes" side. Seven of the eight parties in parlia-ment support the treaty. So do 45

But that is what the experts pre- many Danes have an emotional

Danish Europe Movemeot, a prominent pro-treaty group, con-cedes that Danes are little more

defense, single currency, coordinated police and European citizencially the older generation thinks European unification is just anoth-

er smart way for Germany to occu-But she believes most Danes realize that the Community can be a

stabilizing force in Europe. "The other scenario is a lot more Netherlands forming their own hard kernel of a Community with-

The campaign against ratification consists of people who fear that a united Europe will erode Denmark's identity and crase its ent Denmark is over, that they are idiosyncracies: apples too small to meet EC standards, hot dogs too Attendance at rallies and debates on the treaty has been pathetic. But despite this campaign fatigue in Denmark, the rest of Europe is anxiously awaiting the vote.

Denmark the rest of bureaccrats, brown bees because they are less productive and "genetically interior" to the yellow-and-black

Although such issues are often belittled by the government, they have emotional power, even in high places. Despite the establishment's public united front, when Lady Thatcher spoke to an audience of Danish industrialists meeting in private recently, she won thunder-

give way to a European army and dent refuses to renew the favorable police force, all-European food, trade status China now enjoys.

linguistic variety.

here," said Foreign Minister Niels when the EC industry commission—Mr. Clinton could count himself Helveg Petersen. "We should be er, Martin Bangemann, a German, among those who say trade is a left to fight our own campaign, and said that Denmark was really vot-powerful tool to force China to the British should fight their own ing on whether Europe is to be-alter its policies, Aside from Denmark, Britam and Germany are the only EC countries that have not completed whether it chose to "rec
Min the presidential debate on hy what many Danes fear. A flurry Oct. 11, Mr. Clinton said that China's burnan rights record, said that countries that have not completed lowed, but Mr. Bangemann's com
linked to whether it chose to "rec
linked to whether it chose to "rec
was aimed at the wrong country.



GOOD-BYE GRIMEY - Miners and their families wiping away the tears on Friday at a ceremony marking the closure of Grimethorpe Colliery in south Yorkshire, England. The coal mine, one year short of its centenial, was shut because of overcapacity caused by falling demand.

# China: Clinton's Balancing Act

### Can He Press Beijing on Rights Without Losing Markets?

By Keith Bradsher

New York Times Service WASHINGTON — Seven months after the candidate Bill-Clinton accused the Bush administration of ignoring China's human rights abuses, President Clinton finds himself forced to decide if the United States should risk its access

to China's booming economy for the sake of political freedom there. On one side are those who say that trade is a lever the president must use to force China to improve its record on human rights and abide by international rules on trade in weapons. On the other are business executives appalled at the prospect of losing a major market.

The administration is conducting a comprehensive review of U.S. policy toward China, aimed at producing a single strategy on trade, the spread of arms, and human

But although the president has the authority to make the trade decisioo himself, Congress can Treaty opponents warn that Eu- overrule him, and at least one legisropean unity will diminish Danish lator has vowed to force a vote on culture, forcing small countries to the House floor unless the presi-

and even a common language or at least a dilution of the Continent's tus lapses, import duties on Chioese goods would rise, on average,

ment has the ring of truth to many ognize the legitimacy of those kids that were carrying the Statue of energy and time lobbying the Chi-

Liberty" in the 1989 pro-democra-

In an earlier speech he had gone further, saying that China's access to the U.S. market should be cut off **NEWS ANALYSIS** 

unless democratic changes were made by the end of 1992 Federal law requires Mr. Clinton to choose in the next three weeks whether to extend China's favorable trade status for another year. The decision is complicated by the overwhelming consensus in the American business community that

China has become one of the most attractive export markets. rations and trade associations, from General Motors Corp. to the Chamber of Commerce, urged Mr. Clinton in a letter Wednesday to extend the trade status with no strings attached. The result has been an extraordinary struggle pitting executives against former torture victims, prison camp survivors

and persecuted Christians in a competition to win the attention of Congress and the administration. "I think our presence there has belped the human rights situation considerably" said Jack J. Murphy, chairman and chief executive of Dresser Industries, a large produc-

er of oil-field equipment, who signed the letter. But Representative Nancy Pelosi, Democrat of California, who "If they spent one-tenth of the

that they spend on lobbying Con-gress on this issue, then we would be past this issue by oow," she said.

The president has also received intelligence reports that the Chinese are exporting missile and nu-clear weapons technology.

Mr. Clinton told a group of three

dozen corporate chairmen at a closed-door meeting in March that if the United States did not confront China now about these exports, another terrorist bomb under the World Trade Center a decade from now might be a nuclear weapon, according to three peo-

ple attending the meeting.

White House officials declined to comment, citing the confidenti-ality of the meeting. Administra-tion officials provided details of the intelligence reports to highly classi-fied meetings on Thursday of the Senate Foreign Relations Commit-

tee and the Senate Select Committee on Intelligence.
China has been reluctant to make concessions. An American delegation that visited Beijing this

week came away empty-handed, according to U.S. officials. But Chinese officials warn that restrictions on the trade status could harm relations, a prospect that appalls American executives hoping for Chinese government contracts. And even congressional critics of China have stopped short of discouraging American companies from business there.

But the administration's buman rights concerns persist. Mickey Kantor, the U.S. trade represents tive, took the unusual step last week of praising Levi Strauss & Co., the clothing manufacturer, for announcing that it would reduce its operations in China because of human rights concerns.

The most likely step now is for the administration to renew the trade status with conditions on improvements in human rights and possibly with conditions on the spread of weapons, administration and congressional officials say. But the final decision will be Mr. Clinton's, they said.

The problem for the administration is how to draft conditions that force Beijing to make changes, without being so tough that the Chinese government dismisses them, even while appeasing China's critics in Congress.



# For Whales

By Andrew Pollack New York Times Service KYOTO, Japan - The Interna-

tional Whaling Commission took the first step Friday toward declaring a quarter of the world's oceans off-limits to whaling, even if the current ban on whaling ends. The commission, at the conclusion of a chaotic and emotional annual meeting here, approved a resolution that "endorses the con-

cept" of establishing a whale sanctuary in the southern oceans. It did not specify the boundaries. The resolution was weaker and less specific than the original pro-posal, made by France, which would have created the sanctuary immediately in all waters south of 40 degrees south latitude. Support-ers of the sanctuary substituted the

milder proposal when it became obvious that the pro-whaling nations had enough votes to block adoption of the original. In a setback for Japan and Norway, the two major pro-whaling nations, the commission also re-jected a resolution that would have

moved a big step toward the lifting of the existing moratorium on com-mercial whating. Attention now turns to whether Norway will follow through on its stated intention of beginning whal-ing this summer, even without approval of the whaling commission. The United States is considered likely to impose sanctions on Nor-way if it resumes whaling. Under the so-called Pelly Amendment to a 1967 fisheries law, the United States can embargo imports of products from a nation that undermines a marine conservation treaty. European nations have also expressed opposition to Norway's plan and some environmental groups are calling for boycotts of

Norwegian products and of the 1994 Winter Olympics in Lilleham-Jan Arvesen, the whaling commissioner from Norway, said at a

news conference he saw little here that would make Norway change its mind. Japan, which had boped to win more concessions with the meeting on its home turf, also expressed frustration that the resumption of

whaling seems far off. The United States called the meeting a success. Still, by recruiting sympathetic nations to join the commission, the pro-whaling nations have built up their strength to the point that they can block major actions that require a three-quarters majority, such as the establishment of the Antarctic sanctnary. The resolu-tion approved Friday required only a majority vote because it did not actually create the sanctuary.

This suggests that the commission will now have a stalemate in the future with regard to major resolutions, which could make it difficult for the sanctuary to win approval next year.

Io addition, although Japan again lost its bid to resume limited whaling close to its shores, it did better in the voting than in previous years, and the commiss approve a resolution recognizing the plight of Japan's whaling vil-

"It's the greatest amount of sym-pathy I've ever seen for the whalcial of the World Wildlife Fund in Washington who was a member of the U.S. delegation.

Since commercial whaling is banned, the proposal to create a sanctuary in the oceans around Antarctica, which are a major feeding ground for whales, would not have had an immediate effect. But proponents, the United States among them, said the sanctuary would provide insurance that whale populations would be pre-served if the commission ever does allow the resumption of whaling. Kazuo Shima, Japan's whaling commissioner, assailed the proposal as "being politically motivated, not scientifically motivated." Japan would be most affected since it is the only nation that wishes to catch whales in the southern re-

# A First Step WORLD BRIEFS

To Create a

2 Boys Deny Killing Liverpool Infant
LIVERPOOL, England (AP) — Two 10-year-old boys pleaded not
guilty-Friday to the abduction and murder of a 2-year-old boy whose
kidnapping, recorded by a shopping center video camera, shocked
Britain. The boys were also charged the trying to abduct another toddler

in the shopping center on the same day.

James Bulger's battered body was found near train tracks in Liverpool two days after he disappeared on Feb. 12. Cameras showed him being led away by two boys while his mother was distracted shopping. On Friday, Fidge Sir Michael Modarid of the Liverpool Crown Court ordered the boys to stand trial Nov. I at Preston, 30 miles (48 kilometers) north of this

The boys, who cannot be identified under British law because of their age, are to remain in secure accommodation run by the Liverpool City Council until their trial. Their families were moved to secret addresses

ANC Wants to Talk With Rightists JOHANNESBURG (AP) - The African National Congress said Friday it wanted to hold talks with an alliance of rightist groups that seek a white homeland where they can govern themselves, where whites are in the majority and where they hold power similar to that held in the apartheid era.

It was not immediately clear whether rightist groups would be willing to hold direct talks with the ANC, the country's leading black group. The ANC announcement is seen as an attempt to bring all parties into

ANC announcement is seen as an attempt to thing an pattern megotiations on ending apartheid.

Some rightist groups have so far refused to participate in such talks and threatened to begin an armed rebellion rather than live under black rule. But others have entered the political talks, and leaders of the rightist

alliance say they are committed to negotiation

Emergency Rule Imposed on Caracas CARACAS (Reuters) — The governor of the Venezuelan capital declared a state of emergency on Friday in an effort to quell protests that have broken out before a court rules next week on whether the president

will have to stand trial on corruption charges.

Students and public servants have clashed with the police in recent days in a series of protests over higher pay and to call on President Carlos Andrés Pèrez to resign. "This is a difficult situation, said the governor, and the series of the serie

Antonio Ledezma, in a radio interview. "But we are willing to collaborate with security forces in this case that we hope will be resolved soon." Mr. Perez and two cabinet ministers are accused of misappropriating \$17 million in government funds in 1989 and are under investigation for embezzlement. The president denied taking part in any such activities and predicted he would be cleared.

American's Killer Flees Guatemala GUATEMALA CITY (Reuters) — A Guatemalan officer, Captain Hugo Contreas, fled from jail hours after being found guilty of taking part in the murder of a U.S. citizen, the U.S. Embassy said on Thursday. An appeals court found him guilty on Tuesday of being an accomplice in the morder of Michael DeVine in northern Guatemala on June 8, 1990. It overturned an earlier acquittal and sentenced Captain Contreras to 20 years in prison. It also confirmed sentences of 30 years each for six

soldiers found guilty of hacking Mr. DeVine to death. No motive was established for the crime. A U.S. Embassy statement expressed disappointment with the escape, calling the sentence "a very important advance in the effort to end

### impunity in Guatemala."

go into effect on May 20.

For the Record South Africans recovered 49 bodies and held out little hope Friday of finding four missing coal miners alive after a mine disaster. A methane gas explosion at the mine near Secunda, 100 kilometers (60 miles)

southeast of Johannesburg, trapped 53 miners Thursday about 130 meters below ground without oxygen or light, officials said. (AP)
A call for a cease-fire in Abkhazia was agreed upon Friday by President Boris N. Yeltsin and the Georgian leader, Eduard A. Shevardnadze, The

agreement to combatants in the separatist conflict in West Georgia would

### TRAVEL UPDATE

A record 11 million Japanese traveled abroad last year and spent an estimated \$35.4 billion, a government report said Friday. The oumber rose by 1.16 million from the year before, mainly because of a sharp decline in foreign travel in 1991 following the Gulf War, the report said. Top destinations were the United States with 3.77 million visitors, South Korea with 1.40 million, and Hong Kong with 1.32 million. (Reuters) A plan to ben old cars from Bangkok has been approved by a committee of Thai legislators in a bid to reduce pollution and ease the city's traffic, a report said Friday. A spokesman said private cars more than 10 years old would be effective.

The Dublin house where George Bernard Shaw was born in 1856 has been restored in period style and opened as a literary museum. The playwright spent his boyhood in the house, on Synge Street. It is displaying a selection of Shaw's original manuscripts.

A national war memorial for all Germany will be inaugurated on Nov. 20, 1993, Germany's National Mourning Day, officials said in Bonn. The memorial, once an East German anti-Nazi monument and known as the New Watch, was a favorite tourist attraction in East Berlin. Chancellor Remut Kohl said Germany needed one site where victims of war and oppression could be honored in national ceremonies and where foreign state visitors could pay tribute to the fallen.

# Ciampi Seeks Help In Fight on Mafia

ROME - Mafia infiltration of the economy is undermining Italy and must be attacked by business leaders and civil servants. Prime

Minister Carlo Azeglio Ciampi said Friday as he opened a new campaign against organized crime.
He called on economic leaders
and public administrators to fight Mafia involvement. The infiltration of organized

crime is undermining international confidence in our country," he told a conference on Malia activities. The conference had been organized by the anti-Malia commis-sion of Parliament in memory of

two judges murdered a year ago by the Matia, Giovanni Falcone and Paolo Borscilino. Mr. Ciampi, until recently the covernor of the Bank of Italy, said

that his appeal to Italians to reject the Mafia was of such fundamenta importance that be was making it the first public stand of his new Armed German He said that Italy had to tackle Mafia infiltration to retrieve credi-

bility and to move the country toward healthy, lasting and untainted economic development. The central statistical institute

estimates that the Mafia, if viewed as a business, would have annual turnover of 26 trillion lire (\$17.4 billion), a payroll of 170,000 peo-ple, and would rank as the lifthbiggest company in Italy, the daily Il Sole 24 Ore has reported. Mafia penetration of the financial world is believed to be growing.

and about 60 percent of Mafia income is thought to be invested in the Italian financial system. Mr. Ciampi urged "companies, banks and other financial manag-

ers to contribute to the struggle against organized crime" by helping track down money from illicit sources.

same standard of behavior, but that this was frequently lacking. For 15 months the Italian politi-

cal and business systems have been plunged into turmoil by revelations about the illegal financing of political parties by business, and by a series of separate investigations into organized crime. In some cases the two have been linked. In Milan, authorities opened an investigation Friday of Carlo Viz-

zmi, a former telecommunications minister, judicial sources said.

Mr. Vizzini, a former national secretary of the Social Democratic

Party, which is part of the govern-ing coalition, has been implicated in the kickback scandal that has tripped up hundreds of politicians and leading businessmen.

# Held at Tourney

ROME - A German man was arrested inside the grounds of the Italian Open tennis tournament on Friday after being found carrying a small bag with a pistol and knives inside, the Italian news agency ANSA reported.

The man, Herbert Ubele, 46, was said to have had front-row tickets for Friday and Saturday's play on center court. The pistol reportedly held three blank cartridges. Two weeks ago, the women's leading player, Monica Seles, was stabbed by a German spectator during a tournament in Hamburg.

The police said the man, who was oddly dressed, identified himself as "James Bond."

### RELIGIOUS SERVICES

AMSTERDAM CROSSROADS INTERNATIONAL C-IUR-CH Interdencominational & Evergelical Sun-day Service 10:30 a.m. / Kids Welcome. De Cumerstread 3, S. Amsterdem Info. 02940-15318 or 02503-41399.

INTERNATIONAL BAPTIST CHURCH, TRANTY BAPTIST S.S. 9:30, Worship 10:30, HERLIN. Rothenburg str. 13, 1000 Bedin 41 (Slegitz). Bible study 10:45, worship at 12:00 (Slegitz). Bi

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COMMUNITY CHURCH, Worship and Crurch-School at 11:00 a.m., Packs Damen 34, (August, Oranse and Gen. Yague). International, English Speaking, Tel.:

MUNICH INTERNATIONAL COMMUNITY CHUR-CH Evangelical, Bible Belleving, services in Ergleth 415 p.m. Sundaye at Erfulber Str. 10 (UZ Treesporter) (1086) 93 45 74.

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TOKYO

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meet at 11 (Chart: at the Hillon Hotel for wor-ship (English language). Jimme Nelson, pas-ley, shore 410 1051

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International Septet Fellowship, II Bimbo u. 56 (man extraner Tapolaseny) u. 7, immediately behald invite extrane), 10:30 Bible study, 6:00 p.m., Joel Jankins pretor, Tal.: 1158759 & 11551 15.

INTERNATIONAL BAPTIST CHURCH, Solia, Grand Narodno Sobrone Square, Wor-ship 11-00 James Duke, Pastor. Tel: 704357.

INTERNATIONAL BAPTIST CHURCH, Fite-denature, Riemanner. 15, Celle, SS 12-45, Worship 14 00. 30 mm. Drive, 20 mm. By lean from Hennover. Walking distance from Celle train station. Contact Joe Krake. Tel: 05141-36735.

DARMSTADT: EBERSTADT BAPTIST MIS-SON, Pible study & Worship Sunday 10:30 a.m. Statimenton Da-Eberstad, Busecheler 22, pastor, Tel.: 06187-91683 (pastor) & 06181-66702 (deacon).

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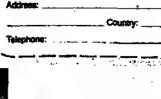
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# STATESIDE / TAMING WASHINGTON Apologetic and Defiant, Clinton Says He's Learning Ropes System—will eventually win over the public and the we're accomplishing a lot and doing more amount of time than our predecessors have

WASHINGTON - After four months in office, President Bill Clinton says he has learned one thing for certain: It takes much more than he first thought to change Washington and the direction of the country. decade and proved last year that he could be a tenacious political candidate. But in an Oval Office interview on Thursday that was at times apologetic and at times definat, Mr. Clinton made clear that he was still

struggling to rally the country and tame "the permanent culture" of the capital. Mr. Clinton blamed himself for the administration's failure to develop greater public support for his eco-nomic program after he presented it in his Feb. 17 State of the Union address.

"I think we had about a week's worth of strategy after Feb. 17 to sell this and what we needed was about three months worth of strategy," Mr. Clinton said. "I

But with almost the same breath, Mr. Clinton rejectSystem — will eventually win over the public and the
ed the charge that he had lost his focus on the politicians.

we're accomplishing a lot and doing more in the same
amount of time than our predecessors have done," he economic issues that had dominated his run for the "time analysis" of his first 100 days in office that showed, among other things, that he had spent "well He was governor of Arkansas for more than a over half my total time" on the economy and health care - and just two and a half hours on the issue of homosexuals in the military.

THE PARTY OF THE P

Still, Mr. Clinton conceded that unless he is "out there focusing in a direct way and taking personal responsibility for the economic program," the public may believe he is preoccupied with other issues. He said his three days of campaigning for the plan this week were a sign of things to come.

If he was philosophical about the "fits and starts" his still-young administration has encountered, he expressed confidence that the changes he is advocating - from higher taxes and spending cuts to political reform to his pending changes in the health-care

Mr. Clinton acknowledged that as his polls have White House. He disclosed that he had ordered a slumped, some Democrats have become nervous about identifying themselves with his program. But he said those who have "strongly defended the direction we have taken are doing better than those who haven't" because he believes most Americans still favor the broad outlines of his plan.

> The president appeared to be bothered by the criticism that he has been too willing to compromise with Congress. Saying he was "hired here to get things done," Mr. Clinton said that "it is Indicrous" to suggest the compromises mean he "caves in to special

He contended that he should be judged by comparison to his predecessors and not whether he has fulfilled all his campaign promises.

"The administration sometimes is evaluated in

amount of time than our predecessors have done," he

Still, with polls showing rising public pessimism and doubts about his leadership, Mr. Clinton said he knew that political survival depended on his persuading people that he was "doing sensible things to move

forward" on the country's big problems. "We have to get a plan in the United States, stick to it, fight through it, move in the right direction," Mr.

Cinton said. "Then I think spirits will begin to rise." The president described Washington as "too dominated by what happens to the politicians instead of what happens to the people and too much into the day-to-day gamesmanship of politics."

The atmosphere of "the permanent government," he said, "puts an enormous extra burden on the process of change."

"It is my job as president to learn to make the most terms of whether we batted 1,000, rather than whether of that, instead of letting it make the most of me."

The rate on capital gains would

Some critics argue that the gap

between the capital gains rate and the top tax rate could lead to the re-

introduction of the kinds of tax

shelters that Congress eliminated several years ago.
About \$145 billion of the five-

year tax increase in the bill would

come from the higher rates and

The second-biggest revenue raiser, about \$70 billion over five years,

would be the new fuel tax, which

on to consumers, who would see it

products and services like airline

In addition to the increase in the

Small businesses would be per-

· Companies could not deduct

· Only half the cost of business

· Deductions for lobbying ex-

dues, except for airline and hotel

clubs, would no longer be allowed.

A portion of capital gains from

meals and entertainment would be deductible, down from 80 percent

the portion of an executive's salary

mitted to deduct up to \$25,000 a

tax rate on corporate profits, the

affecting businesses:

The limit is now \$10,000.

would go into effect next year. The tax would mostly be passed

expansion of the Medicare tax.

remain at 28 percent.

But the outlook for the presi- Medicare tax on all their earnings.

\$100,000 would get a higher in-come tax rate. But almost everyone pump and in the price of many

an expanded earned-income tax committee approved these changes

to the wealthiest taxpayers, who are year for the purchase of equipment.

Single taxpayers with taxable incomes from \$115,000 to \$250,000 penses and for executives club

Also, high-income workers stock in some small businesses

would have to pay the 1.45 percent would be excluded from taxation.

### \* POLITICAL NOTES\*

### Senate Clears Smaller Version of S&L Ballout

WASHINGTON - The Senate has scaled back, but approved, President Bill Clinton's request for billions of additional taxpayer dollars to complete the payoff of depositors in failed savings and loans, putting the measure on track for likely approval by Congress

Legislation to give Resolution Trust Corp. and a new industry insurance fund at least \$26.8 billion - and perhaps \$7.5 billion more was approved by a bipartisan 61-to-35 vote on Thursday after the

bill's managers trimmed back Mr. Clinton's request for \$45 billion.
Congress has provided the corporation with \$105 billion to cover losses from S&L failures since 1989, according to the Senate Democratic Policy Committee, and some estimates of the total cost of the

cleanup approach \$200 billion. In scaling back the proposal, the bill's managers made it easier to swallow for senators who are worried about constituents' anger at

taxpayer expenditures to clean up what one senator described as a "carnival of greed" within the thrift industry during the 1980s.

In another move to satisfy critics, the Senate Banking Committee conditioned release of some of the funds on condition that stronger controls to combat waste, fraud and abuse are put in place and

### Clinton Health Plan Is Called 'a Fairy Tale'

WASHINGTON - An influential congressman says managed competition, the health policy favored by Mr. Chinton, is "a fairy tale" and would probably not be the basis for any legislation passed by Congress to overhaul the health-care system.

The congressman, Representative Pete Stark, Democrat of Cali-

fornia, who is chairman of the Ways and Means subcommittee on health, made the comments Thursday as he issued a report from the Congressional Budget Office. The report said the strategy of managed competition could reduce health-care spending, but the study expressed doubt whether Americans were willing to make the radical

changes needed to achieve such savings.

Mr. Stark's comments came two weeks after Representative Dan Rostenkowski, Democrat of Illinois, who is chairman of the Ways and Means Committee, ridiculed managed competition by likening it to supply-side economics and "star wars," as critics refer to space

based defenses against missile attack. Advocates of managed competition say it will empower consumers. Under the plan, individuals and small businesses would pool their resources and buy health care from competing networks orga-

nized by doctors, hospitals and insurance companies. In theory, these networks would vie with one another by offering high-quality care at low prices.

### Ex-Fighter Pilot to Head U.S. Aviation Agency

WASHINGTON -Mr. Clinton has named David R. Hinson, an aerospace executive and former U.S. Navy fighter pilot, to head the Federal Aviation Administration.

Mr. Hinson, 60, has firsthand experience with the kind of financial problems now besetting the industry, having served as chairman of Midway Airlines, a small, Chicago-based carrier that was crushed two years ago by its \$153 million debt. Mr. Hinson's candidacy was applauded by the aircraft industry.

He would be the first administrator with wide experience in

military and general aviation, domestic carriers and aircraft manufacturing. He has more than 9,000 flying hours piloting 70 different aircraft, from DC-3s to MD-11s, In his new job, he would oversee the safety of the aviation industry and be responsible for initiating and enforcing safety regulations and operating the air-traffic-control

### Quote/Unquote

Roger Clinton, 37, after being accused by a New York stockbroker, Devin Arkison, of putting him in a chokehold during a Knicks basketball game for insulting his brother, the president: "I took it and I took it and finally put my arm on his shoulder and squeezed it and said, 'Don't badmouth my brother anymore,' "



A PITCHER'S ADVICE — Juan Marichal, member of the National Baseball Hall of Fame and former San Francisco Glauts' pitcher, demonstrating his grip for Vice President Al Gore and his son, Albert 3d, after Mr. Marichal signed a ball for the young Gore at a dinner in New York.

### **Away From Politics**

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• A must who claimed that a woman consented to sex during a knife-point attack because she supplied him with condoms has been convicted of aggravated sexual assock by a jury in Ansia, Texas. Joel Rene Valdez, 28, and the victim, 26, testified that she had supplied him with two condoms on the night he ensered her apartment.

· The first U.S. salels of me artificial processes to treat insulin-dependent disperies, have been started by physicians at St. Vincent Modical Confer in

 European partners in the U.S. space station could reconsider their participation if it were redesigned, European officials said. Edo Polivogs, president of the German acrospace division, said President Bill could have "disastrous effects" if it made it unsuitable for the international partners.

The NAACP is organizing a Hispanic chapter in an effort to broaden its mission of fighting for amounty rights. The executive director, Ben Chavis, said the organization would begin signing up members in a Hispanic section in New York.

A section of Alaskan had is to be purchased, 42,600 acres (16,997 becomes), for 5900 million by non Valdez oil spall. They voted to spend \$38.7 million of the funds to buy and preserve the land on Afoguak Island north of Kodiak that would otherwise be logged.

Climon's order to revamp the decade-old project

NYT, LAT AFP

# Tax Bill Passes First Hurdle

### Clinton Hails House Panel's Support Along Party Lines

dent's program in the Senate, where the Democratic majority is

less solid than it is in the House, is

ton's bill as a starting point and made only two substancial changes,

both affecting businesses: It rejected his proposal for an investment

tax credit for businesses, and it

voted to raise the tax rate on corpo-

rate profits, now 34 percent, to 35

percent instead of 36 percent as the

the bill, as Mr. Clinton proposed,

would fall on wealthy individuals.

No one with with an income below

The cost of the energy tax would

be offset at least in part for workers earning less than about \$30,000 hy

credit, which is a tax break for

presently subject to an income tax

rate of 31 percent and Medicare taxes on only the first \$130,000 of

Under the measure, those with

taxable incomes above \$250,000.

married or single, would be taxed at a top rate of 39.6 percent.

and couples with taxable incomes

from \$140,000 to \$250,000 would

have a top rate of 36 percent.

The bill's biggest blow would be

workers with lower incomes.

The bulk of the higher taxes in

The committee took Mr. Clin-

much chancies.

president requested.

would feel the effect.

their earnings.

WASHINGTON - President Bill Clinton on Friday hailed a critical House endorsement of his economic package as the beginning of a new era of deficit reduction as the administration tried to generate momentum for a tougher Senate

Mr. Clinton, speaking at a Rose Garden news conference, said the program, endorsed by the House Ways and Means Committee, pro-vided "significantly, everything" that he had presented to the Con-

"We actually did something to move the ball forward, to deal with the deficit, to deal with investment," Mr. Clinton said, express-ing hope that the action would begin to convince a skeptical public that Washington was finally ready to deal with the "persistent, unanswered" problems.

These are the kinds of changes the American people expect of us," Mr. Clinton said. "They don't expect miracles, but they do expect solid, steady progress.

David E. Rosenbaum of The New York Times reported earlier from The House Ways and Means

Committee, the first committee to get a crack at Mr. Clinton's tax plan, which will raise the taxes of almost all Americans to lower the U.S. budget deficit, made some changes around the edges of the president's proposals but approved the main elements intact.

The vote was 24 to 14, with all the Democrats in favor and all the Republicans opposed.

The legislation would raise taxes for individuals and businesses by a total of nearly \$250 billion over the next five years, one of the largest tax increases in American history.

The bill, approved by the committee on Thursday, is almost certain to be adopted the week after next by the full House of Represen-

The SDI program never produced any anti-missile weapons. But in the course of spending

\$32 billion over the last decade, the program

spawned dozens of new defense contractors.

# Aspin Takes 'Star Wars' Down to Earth

By R. Jeffrey Smith
Washington Part Service
WASHINGTON — "Star Wars" is dead, replaced by ballistic missile dofense.

For nearly a decade, the Strategic Defense initiative had chased the dream of shielding the United States from a massive missile attack by

the Soviet Union. -

But because the threat of such an artack has ended, Defense Secretary Les Aspin said Thursday in announcing the end of Star Wars, the new program will have another goal.

It will focus instead on creating an anti-missile system to defend U.S. forces in the field and a system to defend the commental United States from limited missile attack, particularly from a nuclear-armed "terrorist state."

In a bid to separate the program's past from its future, Mr. Aspin said the SDI office would be renamed the Ballistic Missile Defense Orga-nization. That was the cumbersome title it had before President Ronald Reagan created the Star Wars program in 1983.

"These changes represent a shift away from a crash program for deployment of space-based weapons designed to meet a threat that has receded to the vanishing point," Mr. Aspin

By Wolfgang Saxon

Leigh Auston Wiener, 62, a pho-

tojournalist whose cameras cap-tured images of the powerful and

the famous, died Tuesday in Los

His doctors attributed it to radia-

The announcement formalized a shift that has been under way for some time. The Reagan vision was sharply scaled back by the Bush dministration.

The Clinton administration's requested budget for such work in fiscal 1994 will be \$3.8 billion, Mr. Aspin said, the same amount allotted during the final year of the Bush adminis-

But tougher times may be ahead. The program is one of the main subjects of a bitter intramural fight at the Pentagon known as the Aspin "Bottom-Up Review" of military spend-

ment. Instead of reporting to the office of the defense secretary, the program's director now will report to an undersecretary of defense for acquisition and technology, two rungs down

move out of the research stage and begin devel-oping and acquiring systems for defending U.S. forces against shorter-range battlefield missiles.
He added, however, that the Defense Department first must decide which of four competing

Leigh Auston Wiener, 62, Photojournalist, Dies

systems it wants to buy.

Mr. Aspin also stripped the program of its preferential status within the Defense Depart-

the Pentagon's ladder. This shift, Mr. Aspin said, reflects his plan to

swelled the ranks of peace groups and enriched many military scientists and engineers. Most of the SDI spending went to research the exotic space weapons and laser beams that

gave the program its Star Wars nickname; some of these projects will remain the subject of longterm research, Mr. Aspin said. The main value of the program, he said, may have been its contribution to fostering the col-

lapse of the Soviet Union. By rivering the attention of Soviet leaders on their nation's inability to keep pace, he asserted, SDI may have helped bring about the political reforms introduced by the Soviet president. Mikhail S. Gorbachev.

"I think it probably had something to do with" the Soviet reforms, Mr. Aspin said, but added that the truth would not be known until historians reviewed the archives of Moscow's leadership meetings.

The disintegration of the Soviet Union and a warming in relations between Washington and Moscow, Mr. Aspin said, meant "the situation on the ground changed and the argument became moot."

ies in heart patients.

Mary Doncau Sanford, 98, a phi-

lanthropist and society grande dame for many years, died Sunday

in her sleep in Palm Beach, Florida

Mrs. Sanford reigned over Palm

J. Nevins McBride, 85, a pionee

in the development of suburban

industrial and office parks, died of

cancer Wednesday in Franklin

Lakes, New Jersey. He expanded

tion business into one of the largest

land development companies in

northern New Jersey.

his father's mechanical construc-

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In 1960 be documented John F. quantitative methods for measur-empety's presidential campaign ing the diameter of coronary artertion Mr. Wiener had been exposed to when he photographed atomic-bomb tests near Las Vegas after Kennedy's presidential campaign and, at the Vatican's request, the visit of Pope John Paul II to Los World War II for Life magazine. Angeles in 1987. He photographed He made his first sale of photoscores of celebrities from the movgraphs to Colher's magazine at 14. He formed his own company in ies and sports, as well as literati and Mr. Wiener produced nine books, including Marilyn: A Hollywood Farewell; The Death and in the development of submbar 1958 and became known for his The cause was complications of a innovative use of 35mm film and blood disease. Sweet's syndrome. viewer close to an event

Funeral of Marilyn Monroe." Another collection, "Tijuana Sunday," presented the gory side of bullfighting, which, he believed, had been unduly romanticized.

David H. Blankenhorn, 68, Heart Disease Researcher LOS ANGELES (NYT) - Da-

vid H. Blankenhorn, 68, a professor of medicine at the University of Southern California who pioneered research showing that a low-fat diet and drug therapy can reverse heart disease, died of prostate cancer Sunday in Pacific Grove, Califor-

were skeptical that heart disease

could be halted until he developed

Dr. Blankenhorn fought to convince cardiologists that heart disease could be reversed relatively quickly, and his work is considered a major advance in the field. He published a landmark study on the subject in 1987. Most cardiologists



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# 9 Ex-Soviet States Agree on a Market

By Steven Erlanger New York Times Service

MOSCOW - Nine of the 15 former Soviet republics signed a declaration Friday of their intent to form an economic "union," to try lo restore more coherence to their ruptured relationships.
While only a declaration of in-

tent, the agreement was praised by the Russian president, Boris N. Yeltsin, as a "turning point" for the 10-member Commonwealth of Independent States, the loose grouping formed after the Soviet Union collarsed in December 1991.

Even Ukraine, which has been the most prickly about any encroachment on its sovereignty, signed. President Leonid M. Kravchuk and his industrialisi prime minister, Leonid S. Kuchma have encouraged better economic integration and cooperation among the post-Soviet nations, whose economies and factories were intricately dependent for parts and supplies on enterprises located in what are now foreign countries.

The emergence of new currencies and customs duties, as an archaic banking system that needs up to four months to transfer money from one Commonwealth member to another, have worsened the economic situation of all the Commonwealth countries and caused a precipitate drop in trade and pro-

Mr. Yeltsin said the signatories would now work on 25 documents making the union concrete, hoping to sign them at the next Common wealth summit meeting, on July 16.
The documents are said to in-

clude a currency union, which some states that have already dropped

On Friday, Mr. Ryabov publicly through its own version of a consui-

broke with Mr. Khasbulatov and endorsed the June 5 convention during a legislative debate over whether to appeal to Russia's Constitutional Court to declare it illegal. The legislature nonetheless voted to ask the court for a ruling.

that he has a good chance of winning this contest, provided the Russian leader continues to act decisively. The legislature "is beginning to understand that it is not the legitimate body for adopting a new constitution," said Anatoli A. Sob-

members; coordinated macro-economic policies; and an interstate bank, which was agreed on in Janu-Just this week, Kyrgyzstan introduced its own currency, the som, to replace the inflation-ridden ruble.

the Russian ruble, like Ukraine, are

unlikely to join; a customs union

that would eliminate duties among

According to the declaration. "heads of state of the Commonwealth announce their determination to proceed along the path of deep integration, the creation of a common market for the free transit of goods, services, capital and labor on the common economic space of

toward an economic union Mr. Kravchuk was careful to emphasize, during a joint press conference after the one-day "emergency" meeting, that intent was not the same as agreement, that he didn't even care for the word "union." and that "it is too early to say to what extent different countries will be integrated into the union."

the states, and to move by phases

Turkmenistan was the only member that did not sign. Officials asked for more time to study the documents, and President Saparmurad N. Niyazov told the Interfax news agency that it was too early for an "economic union."

But the agreement was in marked contrast to many earlier meetings of the Commonwealth. which have been argumentative and rarely productive. The Commonwealth comprises all the former Soviet republics except the Baltic nations, Estonia, Latvia and Lithuania; Georgia; and Azerbai-jan, which attends meetings as an

### YELTSIN: Program Speeds Up

(Continued from page 1)

has kept up the verbal assaults, though they have lacked some of the old fire. Another Yeltsin antagonist.

Deputy Speaker Nikolai Ryabov, this week took a much more conciliatory tone than in the past, saying that some agreement with Mr. Yeltsin on a new constitution was

Mr. Yeltsin's backers believe

chak, mayor of St. Petersburg. "I don't think there will be a clash."

Yeltsin, as it has done on several pose it would serve. key issues in the past, that could embolden the Congress to become cal Party, Vojislav Seselj, said the more aggressive. It might then ram pan-Serbian assembly could not

greater political turmoil. cause problems if regional leaders, who will form the bulk of the dele-

untion, or renew impeachment de-mands, plnnging Russia into even "It's impossible to have a resolureater political turmoil. tion while the Bosnian Serbs are On the other hand, Mr. Yelsin's not present, "said Mr. Seselj, whose constitutional convention could party holds the balance of power in gates, demand more power. With the Bosnian Serbs will reject the many regions already ignoring peace plan, which has been accept-

edicts of the central government, ed by Muslims and Croats in Bosmany in Moscow warn that Mr. nia-Herzegovina, Yeltsin's strategy for winning a



THATCHER PRAISES PATTEN — Lady Thatcher, accompanied by Governor Chris Patten, center, waving to crowds in Hong Kong on Friday from the top of a double-decked tram car. "He'll be in Hong Kong for several years yet," Lady Thatcher said, implying that he will not be bound anytime soon for No. 10 Downing Street. She added: "He's terrific. Have you got the message?"

### BOSNIA: Hard-Liners Walk Out of Belgrade Meeting as Fighting Flares

(Continued from page 1) thing important to the whole situa-

tion, especially since a large group of deputies walked out," said the chairman of the self-proclaimed Bosnian Serbian parliament, Momcilo Krajisnik.

The declaration was approved unanimously hy the delegates left in the hall after the walkout, about half of those who had come to the meeting. The hard-liners left after being outvoted on a proposal to allow all deputies to speak, instead

of just their leaders.
We call on the Serbian people in Bosnia to accept the peace plan Others were less optimistic, and continue its struggle for na-warning of a further aggravation of tional and state emancipation the dual-power situation that bas through negotiations by applying stymied reform here for months.

If the Constitutional Court, for instance, were to rule against Mr.

said. It remained unclear what pur-

> The leader of the Serbian Radimake decisions on Bosnia witbout

> the Serbian parliament. Mr. Karadzie has predicted that

The pan-Serbian session was atnew constitution could ultimately tended hy leaders and deputies of undermine the solidity of the Rus-

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Krajina region of Croatia sent ob- within the town.

server delegations.
With UN sanctions crippling the economies of Serbia and Montenegro. President Slobodan Milosevic of Serbia has said that a decision on About 300 more were to be freed the Vance-Owen olan can no long-er be taken by the Bosnian Serbs alone, and be is demanding that they pursue the course of peace.

in the fighting, Bosnian Serbs mounted an attack on Muslims around northern town of Breko with artillery, mortars and rocket launchers, a UN spokesman said. Intense fighting in the area on Thursday killed six Muslim sol-diers and wounded 17, Muslim-

controlled Sarajevo radio said. It

Bosnian Croatian forces in Mos-

tar also released about 50 of 2,000 Muslim civilians detained in squalid conditions outside the city. shortly, spokesmen for the Bosnian Croatian Defense Council militia said. They said about 1,800 people were being detained, but the Inter-national Red Cross put the number

at about 2,000. In Vicenza, Italy, NATO offi-cials reported that three military helicopters had been caught violating the air-exclusion zone over Bosnia. All three sircraft were in areas

from Bosnia and the Serb-held between Muslims and Croats from described the shelling by Serbian forces as the heaviest since the war began 13 months ago.

The UN spokesman, Commander Barry Frewer, described the attack as an extremely serious violation of the cease-fire agreement for the whole of Bosnia that had been reached by Muslim and Serbian commanders.

Brcko commands an important supply corridor linking Serb-held territories in eastern and western

Sporadic shooting was also reported from the southern city of Mostar. Commander Frewer said that Spanish UN troops had come controlled by Bosnian Serbs, the under repeated fire as they tried to (Reuters, AP) approach the line of confrontation

### CLINTON: He Backs Plan for a UN Border Force

(Continued from page 1)

reaffirmed that position," he said. One of his loudest critics, the mittee endorsement of his econom-Senate Republican leader, Bob Dole of Kansas, charged after the new era of deficit reduction. news conference that Mr. Clinton cannot settle on a Bosnia policy.

"There is a feeling around, even among those of us who support him, that he can't make a decision," evidently trying to generate mo-mentum for a tougher Senate fight Mr. Dole said. On the domestic front, Mr. Clin-

ton said be had had a great week. citing a congressional endorsement of his economic package, final passage of legislation to simplify voter ter at the end of his four-year term, registration and his chance to renew face-to-face contact with the make any difference." via, Serbia and Montenegro. Serbs

American people during a two-day Midwest trip.

Mr. Clinton hailed a House comic package as the beginning of a "The program provides, significantly, everything that I presented to the Congress," said Mr. Clinton,

polls showing the public was grow-ing increasingly anxious about his job performance. If things are bet-

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"If they're not," he said, "it There were signs of tension when

serving openly. He gave two short, terse answers about the ban, saying he was fol-lowing congressional hearings on the issue but would have little more to say himself until he received recendations from a Pentagon re-

Mr. Clinton also discouraged suggestions that the Federal Reserve Board raise interest rates because of sudden evidence of rising (AP, Reuters)

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### STRIKE: East German Accord

(Continued from page 1)

pay up to 80 percent of West German levels by the end of this year. Labor peace has been an important part of postwar Germany's economic miracle, as workers received higher pay and more generous benefits than their counterparts elsewhere in Europe and in the United States — and went on strike less often.

But in recent years, that has not been the case. Working days lost to strikes in Western Germany leaped from 363,574 in 1990 to 1,350,589 in 1991 and to 1,545,320 last year, mostly because of an 11-day public workers' strike that hil the postal, garbage-collection and commutertransportation systems, The Associated Press reported.

"IG Metall's success in obtaining widespread support for its con-frontational policy suggests that East.

organized labor will remain a powerful force in coming years, said Mr. Mayer, the Goldman Sachs economist

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Under the compromise, on June I. East German metalworkers are to be paid 75 percent of what metalworkers caru in Bavaria. They are now paid about 70 percent of that benchmark wage. This is to rise to 77 percent on Sept. 1 and to 80 percent on Dec. 1. Three further increases after mid-1994 are scheduled, to bring full parity with Westem wages by July 1, 1996.

Under certain conditions, the dates of the increases can be pushed back by a further six months.

Around 45,000 workers in more than 80 plants stayed off their jobs Friday in engineering works in Sax-ony and Mecklenburg-Vorpommern and in steelworks around the

### **HOSTAGES:** A Drama in Paris

(Continued from page 1)

determination to use it. Psychiatrists said that no matter what the outcome, the experience could have an emotional effect on the children who are aged between 3 and 4 and at a critically formative stage of their lives. They landed the 30-year-old teacher, Laurence Dreyfus, herself the mother of a 20month-old child, who kept the children calm and playing games.

"Her role is absolutely crucial," said Edwige Hentier, a psychiatrist, who said the teacher was the only link the children had with the secure world they knew before the gunman erupted into their class.

Mrs. Dreyfus, who also was allowed to leave the classroom Thursday night, she spoke briefly with the parents before returning to be with her small charges. One of the children who was released said the teacher had told them that the gunman had come to catch wolves.

The police were taking the gunman's threats to blow up the school seriously because in a rambling, eight-page letter to the police the kidnapper signed himself "HB," The same initials were found at the scene of a minor explosion in a parking lot near the school last weekend, along with a tract that the blast would be followed by a bigger action that would shock the nation. The man included a newspaper clip about the bombing with his letter.

The man burst into the classroom sbortly after the school opened Thursday and took 21 chil-dren prisoner, releasing 15 of them later in the day and night.

A television reporter who was asked into the classroom said the gunman was masked, spoke French without an accent and occupied a child's chair and desk at the back. The man asked for supplies of black coffee and apparently stayed awake throughout the night. Offibriefly, and complained of tiredness, but otherwise seemed calm. He was described as being about 30, portly, dressed entirely in black. Algeria. calm and ruthlessly determined.

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The mayor of Neuilly, Nicolas Sarkozy, who is also the budget minister, spearheaded the negotia-tions, which were under the direct supervision of the interior minister. Charles Pasqua. Mr. Pasqua is also the president of the Hauts-de-Seine region in which Neuilly is situated.

Mr. Sarkozy assured parents that the police would not storm the classroom, or do anything that might harm the children.

The gunman's bizarre typewritten letter, but written in faultless French, contained instructions detailed down to the number and denomination of bank notes he wanted the Bank of France to supply. denomination notes, Deutsche marks and gold ingots. He also demanded a radiation detector, an automatic weapon and three get-away vehicles, including a television truck. He even enclosed a map of the expressway to the south, indicating a spot where he wanted journalists to be posted.

He warned, "I will not be taken

The letter contained a chilling warning that unless his conditions were met he would bleed his hostages "with or without medical assistance" -- even to death. In his interview with the televi-

sion reporter, Jean-Pierre About, the gnuman insisted that he was acting "purely for the money." He threatened to use the remaining children as a human shield during Officials and psychiatrisis

praised the poise and presence of mind of Mrs. Dreyfus.

"She is maintaining a normal atmosphere, keeping the children from becoming worried," said Denis Poech, a hospital psychiatrist.

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# Saudis Take a Swipe at Muslim Dissidents

By Youssef M. Ibrahim
New York Times Service

PARIS - After years of tolerating unrestrained growth of militant fundamentalist practices, the Saudi Arabian government has adopted a series of measures signaling its readiness to crack down on Muslim dissidents accused of using religion to further their political

Citing the "dictates of the public interest," the Saudi government announced the dismissal Thursday of four militant Muslim scholars from government jobs at universities and ordered the closure of two fundamentalist law-

On May 3, the six fundamentalist figures announced the creation of what they described as Saudi Arabia's first human rights committee. They were expected to use that platform to press demands to further institutionalize the power of the Islamic clergy over Saudi society and to restrain the pace of modernization.

The swift measures against them received prominent press coverage in Saudi Arabia, and left little doubt that the government, which applies one of the most rigid Muslim fundamentalist codes in the world, is sensing a clear

danger from the religious right at home.

Over the last few weeks, Saudi Arabia has moved to restrain the flow of money to militant

Muslim groups; instituted an active intelligence exchange with Arab countries, like Egypt and Tunisia, that are battling Islamic guerrillas; and demanded that its eminent religious scholars denounce and purge militant elements within

their vast and powerful establishment. A little more than a week ago, in a significant reversal of policy, the government banned the collection of money for charitable Muslim causes inside Saudi Arabia without the specific permission of the Interior Ministry.

Pious Muslims have been encouraged for decades to contribute to worthy Muslim causes. The measure was taken to stem the flow of what is estimated to be millions of dollars a year, some of which was ending up in the hands of militant Muslim organizations.

The measures on Thursday against Muslim dissidents came a day after Saudi Arabia's highest government-appointed religious body, known as the Senior Muslim Scholars Authority, denounced the human rights committee as a "superfluous" and "illegitimate" body. They asserted that the country had ample legal and religious Muslim groups to deal with any injus-

The authority's declaration, signed by progovernment Muslim scholars headed by Sheikh Abdelaziz Ibn Baaz, the blind cleric who ranks as Saudi Arabia's most revered religious figure, was widely reported on Thursday as the major news of the day.

Senior Saudi officials interviewed recently signaled that a crackdown was imminent against dissidents within the country's vast reli-

The emergence of open dissent from the religious right in Saudi Arabia, and the ruling establishment's response to it, come at a time when militant Muslim movements are challenging several Arab governments in the region, including those of Algeria, Egypt, Jordan, Tunisia and Yemen.

The dissidents, Saudi officials assert, include a large number of rebellious younger religious scholars, some members of the Muslim Brotherhood, which has a significant presence in Saudi Arabia, and other Muslim militants who in the last two years have grown bolder in their criticism of Saudi government policy, both foreign and domestic.

"People have been asking, when is the government going to get tough with these extremists," said a ranking member of the Saudi royal family, who asked for anonymity.

"It has become a matter of acting," be said in a telephone interview Thursday, "or losing



CANADIAN LEADERSHIP RACE NARROWS — Kim Campbell, Canadian defense minister and front-runner to replace Brian Mulroney as prime minister, discussing her prospects in Vancouver, British Columbia. The constitutional affairs minister, Joe Clark, said Friday he would not seek the post. The Conservative Party is to meet June 9-13 to choose a successor to Mr. Mulroney.

# In Algeria, 'Soon an Islamic Insurgency'

By Chris Hedges New York Times Service ALGIERS — Fifteen months af-

ter the Algerian military seized power and canceled elections to prevent a victory by Islamic militants, the outlawed religious party has been transformed into a guer-rilla army with an increasingly uni-

Denied a chance at the polls and driven underground with many of their number imprisoned, the country's religious militants have reemerged with a dedicated base of support and new tactics that have thrown the state off balance. The fighting, once limited to hit-andrun attacks in retaliation for police raids, has escalated into gun battles lasting up to two days.
In a recent statement, police offi-

cials said that they were searching for 1,100 fugitive guerrillas, but government critics and diplomats said this estimate seemed low. Western diplomats put the oumber of armed militants at 10,000 to 15,000, and add that sympathizers probably ran in the hundreds of thousands in this nation of 26 mil-

lion people.

The possibility of an Islamic fundamentalist takeover in North Africa remains a top concern for many Arah and Western diplomats in the region, Tunisia, Morocco and Egypt, battling powerful Is-lamic movements of their own, fear that their underground foes would find support in a militant Algeria.

And France, already home to more than 1 million Algerian immigrants, worries that hundreds of thousands more would arrive if Muslim militants took power.

In a move viewed as an admission of its setbacks, the Algerian government sent 15,000 troops into the capital last month, virtually transforming it into an armed

On a recent afternoon in Harrach, a working-class suburb of Alan anti-terrorist unit set off charges and blew up two apartment blocks where rebels were holed up. Sprint-

the commandos darted through an afternoon drizzle into the rubble of a smoldering building.

Peering from behind slabs of concrete, their heads covered by

'At this point, I wonder if the government can crush the Islamic movement. The government is fighting a hydraheaded monster.' A senior Western diplomat.

green hoods, the soldiers set up a .50-caliher machine gun and

The heavy thud-thud-thud ech-oed down the deserted streets, answered by lighter bursts of automatic fire from the scattered guerrillas shooting from windows above. The two sides traded fire well into dusk.

Gunfire has become a familiar sound in Algiers since the military seized power, but the scale and doration of the confrontations have

Up until now, the fighting has been uncoordinated and carried out by a wide variety of militant groups, some linked with the Islam-ie Salvatiou Front and some not," a militant leader said. "But all this

has changed."
The Islamic Salvation Front is that were ahruptly canceled in ear-

It is a far cry from the strategy originally mapped by the Muslim fundamentalists, who seemed poised to take power peacefully un-der the banner of the Islamic Salva-

tion Front in January 1992. Blossoming under a democratic process that began with the advent of multiparty politics in 1989, the Front had built a solid core of support among jobless and working-

It won 188 of 231 seats in the first round of parliamentary elec-tions in December 1991 and was widely expected to capture a major-ity of the assembly's 430 seats in the runoff. Determined to prevent an election victory by the Muslim militants, military officers forced President Chadli Benjedid to resign in January 1992, canceled the sec-ond round of voting and named a High State Council to pule by de-High State Council to rule by de-

A month later, the government banned the Front and issued an emergency decree that gave it unre-stricted powers to detain citizens and to bar demonstrations. More than 9,000 people were arrested and sent to camps in the desert without being charged or tried. Most have been released, but about 1,000 are believed to remain in de-

Algeria has been racked by violence ever since. But the intensity of the fighting appears to have increased sharply since the Front formed a military wing to unite some half-dozen armed Islamic groups under oue command.

In the last (ew weeks alone, mili-tants have killed three senior government officials and wounded two others, including the former com-The Islamic Salvation Front is the now outlawed political movement that was leading in elections of the naval forces. The oumber of police officers and soldiers killed in a single engagement has climbed to a dozen or more. The attacks have spread through-"Most of the groups are being out the country, with guerrillas rob-

Makhloufi, one of the Front's founders, had assumed comof the umbrella organization.

movement are more than 1,000 Algerian veterans of the civil war in Afghanistan, which ended in April 1992 with an Islamic rebel victory.

"At this point, I wonder if the government can crush the Islamic movement," a senior Western diplomat said. There are always new people ready to come along and replace those taken out in the crackdown. The government is fighting a hydra-headed monster." The government says that 600 people have been killed since a

state of emergency was declared in February 1992 and that half were members of the security forces. But Western diplomats, noting

that death tolls are not reported until several days after an attack has taken place, say the number may be far higher. The figures issued in the last few weeks, including the admission that 18 soldiers were killed in an ambush on March 22, suggest that the scale of the attacks is more ambitious.

Western diplomats described the big troop deployment in the capital as a loss of face that army com-

manders had hoped to avoid.
"It is an admission that the police and security forces have failed to halt the deteriorating security situation," a diplomat said. "And it the army cannot break the movement, as is probably the case, the militants will gain even more legiti-macy in the eyes of the populace."

Those who go forth to serve complain of a dictatorial attitude on the agency's part — one said the bureaucracy treated them like "indentured servants" - low pay, overwork and assignment to places thousands of miles from

bome.

**AMERICAN** 

**TOPICS** 

Not All Doctors Bloom

Where They're Planted

In the last 20 years, the U.S.

government has sent more than 17,000 newly minted physicians to places that are short of doctors,

usually the country's most remote

and impoverished corners. The

idea is to seed the hinterland with

a cadre of physicians who will stay in such places, rear families

and become pillars of their com-

"Sometimes that happens,"

The Associated Press reports.

Typically, young men and

tional Health Service Corps in

"Usually it does not."

to be short of doctors.

Antonio Dajer of New York, for example, wanted to use his Spanish in an inner-city clinic. Instead he was sent to an Indian reservation in New Mexico.

Pay has been increased and is now competitive with that of other family doctors. The corps has always maintained that about one out of three of its doctors put down roots where they are planted. But an independe puts it at one in eight.

Short Takes

Tales from the crypt indeed V.C. Andrews, a best-selling au-thor of Gothie novels, died seven women agree to serve in the Nayears ago of breast cancer at the age of 63, but her books keep exchange for medical school scholarships. For each year of tu-ition paid by the government, the coming. Her ghostwriter is Andrew Neiderman, 52, a former physician must spend one year in one of 1,900 U.S. counties judged high school teacher and part-time writer. He used a computer in his

How do you call a foreign

effort to capture her style, carefully analyzing her plots, charac-ters and vocabulary. His mimicking has heen remarkably successful, and the nine books that he has written under her name have sold well. "Don't make this sound weird," he told The Washington Post, "hot sometimes I do feel possessed." Simon & Schuster presented the first five books as the work of Virginia Andrews herself, then-

The Retsof mine near Rochester, New York, is the largest salt mine in the Western Hemisphere. It extends 1,063 feet (324 meters) beneath the Earth's surface, and numels carved out in more than a century of mining cover 20 square miles (52 square kilometers). Now Akzo Salt, owner of the mine, proposes to fill the tunnels with hardened ash from municipal waste incinerators, earning mooey from its vast unused spaces. The idea is vehemently opposed by residents who fear that toxic chemicals from the ash will contaminate their soil, and from environmentalists who con-

tend that opening a cheap, virtu-

ally inexhaustible storage space will encourage incineration instead of recycling.

California grew last year at its slowest pace in nearly two decades. The state's stagnant economy discouraged people from moving in and prompted others to leave, the governor's office announced. Population grew by 570,000 to 31.5 million during 1992, a growth rate of 1.8 percent, the smallest increase since 1975. However John Malson, a state demographer, said the figures did not contradict a state government report that California's population would grow relentlessly for the next half-century, eventually doubling to more than 60 million people,

Appropriement of a coming sermon posted on the bulletin board of the Third Church of Christ Scientist on East 64th Street in New York, as reported in the Metropolitan Diary column of The New York Times: **EVERLASTING PUNISHMENT** 

All Are Welcome

Arthur Highee

### country when you're already in one? mand structure, and discipline is being imposed," he said. "Now we are involved in skirmishes. Soon we Pick a card, any card. ing in a crouch to avoid suiper fire, will be involved in an insurgency." a eleric known within the Front as Haiti Army Rejects UN Force

Compiled by Our Staff From Dispatches PORT-AU-PRINCE, Haiti -The Haitian Army chief of staff has rejected suggestions that a peacekeeping force might help resolve Hait's political crisis, and vowed

fierce resistance to any foreign intervention. The city will disappear after the first cannon shot, but the nation will stand up" to defend itself. Brigadier General Phillipe Biamby declared in a Senate hearing Thurs-

State Department and United Nations officials have said that an international police force might be proposed for Haiti as part of a negotiated settlement, but that it would only be deployed with Hai-

ti's permission. Nonetheless, the suggestion has fired nationalist sentiment among Haitian nghtists.

The army and a conservative elite have resisted intense international pressure for the reinstatement of the elected president, the Reverend Jean-Bertrand Aristide. who was deposed in a September 1991 coup. General Biamby and two other

senior officers denied reports that the army was willing to accept a 500-member peacekeeping force to heip guarantee the terms of a nego-tiated settlement.

The UN-backed proposal calls for a new consensus prime minis-ter, a new army leadership, amaesty for coup plotters and the eventu-

### In a First for Austria, Leader to Visit Israel

JERUSALEM - Chancellor Franz Vramtzky of Austria will make a four-day visit to Israel starting June S. Prime Minister Yitzhak Rabin's office said Friday. It would be the first official visit by an Austrian chanceller to Israel. Relations determinated dumna Kurt Waldheim's six vears as Austrian president, which ended in 1992, then improved after Mr. Vranitzky formally declared in 1991 that Austrians, whose nation was incorporated into Germany in 1938, had been not only vicums of

Nazism but also its servants.

from the army, and Mr. Anstide has hedged on the issue of amnesty.

The U.S. secretary of state, Warren M. Christopher, discussed the plan Thursday with the UN secretary-general, Butros Butros Ghali, and said afterward that there had

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al return of Mr. Aristide. But the been "considerable progress" to-UN has failed to win approval ward a peaceful reinstatement of Mr. Aristide. Mr. Christopher

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### **Anti-Deficit 'Trust Fund'**

### No Change in Policy

The deficit-reduction "trust fund" that President Bill Clinton has proposed will do no substantive harm, might do a little political good — and we still wish he had not proposed it. The Republicans are right that it represents no change in policy; it would just be another way of tecording and displaying the policy, a further accounting device. That is what is wrong with it. The accounting will not be false—the estimates will be the same as those used already in the budget process. But a proposal meant to sound like a strengthening of fiscal policy would in fact be no more than its reiteration.

The president's tax and spending proposals, the proposals that count, were going to produce a certain amount of deficit reduction anyway. It is a pretty respectable amount, and about as much as a still fairly weak economy can likely withstand. That planned reduction from what the deficit would otherwise be already shows up in a number of places in the budget. Now it will be totaled up and sbown in still another place — the new trust fund.

But the same monies will be collected and spent as before. The trust fund, as aides have described it, will have no par-ticular legal importance, and the deficit

### Positive Symbolism

The details of Bill Clinton's latest pledge to reduce the budget deficit do not matter nearly as much as their symbolism and week's worth of public repositioning, with what they say about his determination to the trust fund as his trump card. Republirepair his own political vulnerability. Having engaged in endless musing about drift and disarray in his administration, he now Senator Dole said he gave "smoke and seems ready to do something about it.

This past week he proposed to sequester "every penny of new taxes and budget cuts" in a "trust fund" to be used only to reduce the federal deficit. That will not change the outlines of his budget, which calls for \$496 billion in deficit reduction from extra taxes, spending cuts and lower interest payments. But it may persuade the public that he is serious.

President Clinton's credibility on the deficit urgently needed repair. He has been losing the public relations war ever since the long and unsuccessful fight over the stimulus package, which gave oppor-tunists like Bob Dole and Ross Perot all they needed to portray Mr. Clinton as a

Democratic leaders warned him that his entire economic package eould suffer the same fate if he allowed his opponents to present it as a spending scheme without offsetting cuts. Others worried that a defeat for the tax hill would, hy dooming the

the telephone lines of opposition parties

tary's threat was never put to the test.

the kind that pay a fixed monthly benefit

for the rest of one's life. Corporations

increasingly regard fixed-benefit pensions

as huge and dangerous liabilities. Instead.

employers in large numbers are turning to

voluntary savings plans in which the em-ployees decide for themselves how much

to tuck away for the future - often, but

not always, with a matching contribution

from the company. Their benefits will de-

pend on how much they choose to save

a country where the habit of saving is strong

- Japan, for example, or Italy. But for

reasons that have much more to do with

culture than with economics, Americans

have the lowest savings rate of any devel-

oped country. If present trends continue, in

about 20 years a los of middle-class people.

accustomed to living well, will find them-

selves approaching retirement with very little to pay for it. The federal government's safety net, Social Security, is enough to

While Americans have never been big

savers, their savings bave dropped sharply

in the past decade. The reasons are far

that the rise in the stock market and the

prices of houses left many families feeling

stave off poverty but not much more.

Perhaps it would make less difference in

over the years.

THE THE STREET CONTROL OF THE STREET

will be the same as without it. The president embraced the device for political reasons. Republicans trying to discredit and kill his proposed tax increases have been saying that he would spend the money rather than use it to reduce the deficit.

It is a wildly ironic charge. The party whose policies led to a quadrupling of the national debt in just 12 years attacks, on grounds of fiscal irresponsibility, a program meant to cure and reverse those policies. The joys of rebuttal aside, the trust fund might help win some votes for the program among wavering Democrats who need the political cover. But there are

other ways to provide that.

All kinds of accounting devices have been proposed over the years to make this or that point about the budget. Social Security has been declared "off budget," for example, in part to give it another layer of protection against budget euts. But none of the accounting changes has altered the underlying reality, nor would this. Mr. Clinton bas, we think, a good fiscal policy; this would underscore the policy, which is fine. But in the process it could lead many people to think that something more had been done. That is not fine, and in the long run it will harm the confidence that it is partly intended to create.

- THE WASHINGTON POST.

rest of his economic program, strangle Mr. Clinton's infant presidency in its crib. The opinion polls were not reassuring, either.

Mr. Clinton then hit the road for a Senator Dole said he gave "smoke and mirrors" a bad name. Friendlier voices argued that the fund simply gave the pub-lie another badly needed level of reassurance that painful tax increases would not

be diverted to new programs. This reading of Mr. Clinton's purposes was embraced by Representative Charles E. Schumer, co-sponsor of a bill establishing a legally separate trust fund. "There is a problem of credibility. The public does not believe we will really cut the deficit when we say we will ... Everywhere I went in my district people said. We are willing to tight-

charact people said, we are wining to ingue-en our belt, but we don't believe you.' The administration's tax proposals passed their first hig test when the House Ways and Means Committee approved them on Thursday. The president's recent barnstorming was irrelevant because the outcome was foreordained. But stiffer tests lie ahead in the Senate, where Mr. Clinton's newfound fervor on the deficit could make the difference.

**Chicanery in Paraguay** 

outcome of Paraguay's first democratic presidential election. Unfortunately, enough chicanery took place to mar what should have been a protid achievement.

Days before the May 9 election, e key ship of General Alfredo Stroessner, who

army commander swore that the military was overthrown only four years ago. Dic-

would maintain the long-ruling Colorado
Party in power whatever the voters decided.

tators brought wars and wars brought dictators until the cycle was finally broken by

Earlier, the party's president had promised a 1989 coup. The leader of that revolt, to win the election by "assault" and "speGeneral Andres Rodriguez, now ending

cial tricks." On election day, rifle fire dam- his term as president, deserves consider-

aged the only opposition television channel, able credit for rolling back repression and

hile government officials temporarily cut preparing for a democratic succession.

and a nonpartisan group planning to compile an independent vote count.

Quick intervention by ex-President Jim
Carlos Wasmosy would do well to press

my Carter, on the scene as an international ahead with his predecessor's reform agen-

election monitor, helped get the vote- da. Paraguayans are entitled to share fully

counters' phones restored. And since the in what has become the most democratie

Saving for Retirement

Only a minority of Americans with jobs are now covered by traditional pensions — wealthier, with less need to save out of current income. But they ran up dehts

from clear. One possible explanation is quence of the Age of Individualism, as

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Colorado candidate came in first, the mili- era in South American history.

- THE NEW YORK TIMES.

But army commanders and Colorado

- THE NEW YORK TIMES.

current income. But they ran up dehts

faster than their wealth increased. The

savings rate has inched back upward

slightly in the past several years, but it is

still not much more than half the level of

The low American savings rate is most

commonly mentioned in economists' laments about the inadequate supply of in-

vestment to raise the country's standard of

living. But there is also a highly personal aspect to it. The most compelling reason to

save, in American society and most others,

is to provide for retirement. You might

think that, as early retirement becomes more common and life spans steadily

lengthen, the savings rate would rise. In

The old style of fixed-benefit pension was a form of involuntary saving, Employ-

ers saved for the employees. Perhaps, as large numbers of people find themselves

confronting retirements that they cannot afford, there will be rising pressure from middle-class voters for another kind of

involuntary saving - much higher Social

Security taxes to pay for the kind of retire-

ment that their employers once provided.

That would be a deeply ironic conse-

-THE WASHINGTON POST.

Americans enjoyed it in the 1980s.

fact it has done just the opposite.

1981, the recent peak.

# **OPINION**



## For a Modestly Realistic Agenda in the Balkans

WASHINGTON — The odd thing is that, if you set aside the losses of the Bosnians, Bill Clinton may yet come out of Bosnia fairly well. He is bumbling, but perhaps he will bumble his way past really serious trouble. In a situation where achieving the best is a fortorn hope, avoid-

ing the worst has much to commend it.

It turns out that Bosnia's agony, which will hardly be over if a United Nations-sponsored peace agreement comes to be, is something that both American policy and American politics can live with. The consensus worst is intervening with force, running up the casualty count and sinking into a quagmire. But the chances of American

intervention may now be waning.

President Clinton did what everyone told him - consult the allies and Congress - and got back the message that muscular military options were out. The options that do come out of the Pentagon reflect not command consensus but mainly the lohhying of one service, the Air Force,

This is not a triumph of leadership; on the contrary, it shows a deficit of leadership in the classical sense. But for a president not fully licensed or experienced in high policy, who inherited a crisis that was already slipping out of control, discretion and modesty have their appeal. The American debate about Bosnia has rag-

gedly sorted out the military options. Much damage could be inflicted. But could it be sustained and converted into stability on the ground? The common verdict is: not proven.

It matters here that American policy has shown a distinct reluctance to come to terms with the single available diplomatic scheme, the Vance-Owen peace plan, to which intervention in By Stephen S. Rosenfeld

whatever form could possibly be harnessed. This has left Washington talking about applying force without being able to state an adequately clear political objective for it. Little wonder that Americans, appalled as they are by the spectacle of Bosnia's tragedy, have backed off.

of Bosma's tragecy, have backed off.

Bad feeling is now flowing between Europe and the United States. America has no troops on the ground to match the European troops that are there delivering relief and protecting civilians. But, inconsistently, many Americans fault the allies for supposedly fleeing risk and for not supporting more vigorous military options—like bombing Serbs and arming Muslims—even as these options lose American support!

as these options lose American support!
Still, some of that is visibly changing. Mr.
Clinton may now be positioning himself to start matching the superior European performance in matching the superior European performance in providing limited-mission forces on the ground. As, presumably, a first step, he speaks of sending Americans to join the Europeans already posted in Macedonia to signal to Serbia to keep its mitts off, It would help considerably if Mr. Clinton ended American equivocation over Vance-Owen, The rap on this plan is that it condones ethnic elements. This is false. It requires Serbe to the control of the plan is that it condones ethnic

cleansing. This is false. It requires Serbs to surrender much territory (60 percent) that they have already "cleansed." Nor is the plan toothless, or any more toothless than United Nations members permit it to be, it provides for international peace-keepers, which Mr. Clinton has already promised to dispatch once there is a peace to keep.

Meanwhile, it is time to exploit the negotiating

opportunities that have been placed in UN hands by the rather unexpected effectiveness of the embargo on Serbia. Serbia is no Iraq; it lacks the political and economic means to stand up to that sort of pressure. That is why Serbia's leader, Slobodan Milosevic, has become an unlikely pitchman for Vance-Owen.

His record of deceit makes it necessary to check on his every word, hut his country's vulner-ability makes it possible to set the Bosnian Serbs' full compliance with the Vance-Owen plan -

not just their formal acceptance of it — as the condition for lifting the embargo on Serbia.

This is where to hang tough. Mr. Clinton must find a way to convey to Mr. Milosevic that the United States and its allies — surely they will come abourd — will see to it that Serbia is ground down by a universal boycott for however long it takes for Vance-Owen or something better to become the law of Bosnia.

Mr. Clinton must inform the Croats, who bear an immense responsibility for instigating the Yugoslav crisis and for brutalizing Bosnia's Muslims, that their land grab in Bosnia is no more acceptable than the Serbs'. Finally, he must insist that the Muslims halt

ethnic cleansing, too; and that if Muslims are to make good their claim to restore a whole Bosnian nation, they must create a political order which, unlike what they created in declaring independence two years ago, opens a fair and safe place for Serbs and Croats.

Mr. Clinton muses often on the military possibilities but is dismayingly silent on the political necessities, like these.

The Washington Post.

# The Post-Soviet Nuclear Threats Are Even Bigger

NEWTON, Massachusetts — Much has been said and written about the threat of nuclear terrorism in Russia and the need for the West to counteract the danger, mainly with financial aid. What is less well-known is how large and imminent the threat is. The former Soviet republics, espe-

major exporter of nuclear weapons, materials and expertise.

For Russia, the main incentive is money — the possibility of earning significant profits in hard currency for its nuclear capabilities. A common theme of President Boris Yeltsin's opponents is that Russia could forget about Western aid and earn hard currency by selling arms abroad.

cially Russia, could quickly become a

Some Yeltsin advisers are thinking along the same lines. Mikhail Maley. Mr. Yeltsin's counselor for conversion, has proposed selling military technology on a huge scale and investing the earnings in the civilian economy. Five Russian enterprises now sell weapons abroad, hut last year they grossed only one-quarter of what they expected to earn in hard currency. Mr. Maley proposed reducing prices and selling armaments in large volumes by extending export rights to 88 Russian enterprises. By Alexander N. Rossolimo

Exports of military technology would be profitable for Russia even if it sold at one-sixth of world prices, he said, and would generate \$10 billion to \$12 billion dollars annually. Several serious problems with the nuclear capabilities of the former So-

After the disintegration of the Soviet Union, its tactical nuclear weapons — roughly half of its esti-mated total of 27,000 nuclear weap-

ons — were shipped back to Russia, where there is a critical shortage of storage facilities. Some of the strategic nuclear weap-ons have to be dismantled and de-stroyed as part of the START treaty. And every year 2,000 to 3,000 weap-ons need to be destroyed, because their average life span is 10 to 15 years. But Russia lacks the dismantling and storage facilities for the weapons, fissile materials and nuclear components generated. These run the risk of being

stolen and winding up in dangerous hands. This is made more likely by the presence of wide-scale corruption.

There have been reports of police seizing nuclear materials from the for-

mer Soviet Union as they were being smuggled abroad. Germany is reported to have carried out more than 100 arrests associated with efforts to smuggle nuclear material originating in the former Soviet republics. Last fall it was widely reported

viet Union that are of concern to the
West and demand urgent solutions.

that I ran had been conducting secret
negotiations to buy nuclear warheads form the cash-starved former Soviet republic of Kazakhstan. These reports raise the possibility that fissile materials, nuclear components or weapons may have got through, providing dangerous countries and organizations with the necessary huilding hlocks for terrorist bombs.

The head of the special security laboratory at Chelyabinsk-70, Russia's "atom city," has said that a con-ventional explosion affecting a small nuclear weapon can be nearly as dangerous to the population as an atomie explosion; phitonium dispersed by the conventional explosion would contaminate people and the environment over a large area. This suggests that terrorists could add nuclear material to conventional explosives, forcing the

mass relocation of civilians. Another danger is posed by the

atomic reactors currently in opera-tion, which are built on the Chemobyl model and considered unsafe by Western standards. They run the risk of spewing nuclear contamination over wide areas of Europe and elsewhere after a reactor accident.

Equally ominous is the possibility of foreign countries with nuclear ambitions hiring nuclear scientists from the former Soviet Union. Many are living in the 80 closed cities devoted to military production whose very existence was kept secret until recently. These cities have only one indus-

The military-industrial complex used to employ one-third of all work-ers, and 80 percent of all scientists and design engineers. These highly skilled forces are being reduced. Military spending as a percent of GNP has dropped by half. Those who have jobs are earning less than \$50 a month on average. Sheer economic survival may drive some to accept the offers offers of the percent of the percen incrative offers abroad. In a recent poll of Russian physicists, a mere 15 percent stated categorically that they did not contemplate emigration.

It would be tragically ironic if nuclear weapons and atomic experts from the former Soviet Union, after being kept in check by the West during the Cold War, were to be used as a direct consequence of the disintegration of the Soviet Union. Preventing such a calamity is enough of a geopolitical reason to provide economic aid to promote stability and help save the fledgling democratic government in Russia. A \$28 billion aid package was ap-

proved in Tokyo by the Group of Seven industrial countries. There is a growing realization that economic and political conditions are related to the dangers of nuclear proliferation and international terrorism.

The writer, a visiting fellow in Russian studies at Harvard University, is president of International Strategy Associates, a management consulting firm. He contributed this comment to the International Herald Tribune.

steering committee that can deal with the economic and security challenges of the post-Cold War world. The need for collective action is mounting. With the Balkans in ourmoil. Russia unraveling, the world economy stagnating and weapons of mass destruction problerating to renegade states like North Korea, the United States and its G-7 partners can watch the world drift into chaos

Let's Put

The Group

To Work

By Richard Burt

WASHINGTON — It is time to transform the Group of Seven.

a loose and often ineffective cluster of

rich countries, into a real international

or can assert leadership.
At another turning pount, after World War II, Washington provided such leadership. Today America cannot, and should not, play this role on its own. The United Nations is more active but is still hampered by political disagreements, budgetary constrains and an unresponsive bureaucracy. Hopes that the European Commu-

mity might exercise greater influence have not panned out. Europe's failure in the Yugoslav crisis is a case in point. The answer is not to invent new international machinery but to give the Group of Seven a bigger mandate. Unlike the UN Security Council, the group includes Germany and Japan.

An upgraded Group of Seven can set a global agenda and realize it.

The other members are Britain, France, Italy and Canada — all exonomically strong, politically demo-cratic and linked to Washington.

The governments, of course, al-ready work together in several areas. But, except for regular sessions of finance ministers and central bankers, cooperation has tended to be lim-

ited or ineffective.

For example, the Group of Sevenhas not followed up on a 1992 agreement to develop a program for coping with the potential disasters posed hy aging nuclear power plants in the former Soviet Union. It remains to be seen whether and how the new agreement on a rescue package for Russia will be carried out.

The most organized and visible ac-tivity, the annual meetings of theseven heads of government, has evolved intoan elaborate photo-op, "offering plati-tudes," as Jacques Delors, the Europe-

an Commission president, observed.
America's key partners are likely to resist added responsibilities. The alternative, however, is not the free ride provided by Washington but a break, down of international order. Their estimatement is likely to bring them. self-interest is likely to bring them around. The very fact that they are prepared to rely on the G-7 format to attack problems like the Russian cri-

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To fulfill its enormous potential, the Group of Seven must change. It needs concrete goals.

In the political security realm, it must continue to help the Russians must continue to help the russell while working to stabilize the other former Soviet republics. In the economic area, the main goal should be to achieve the concessions necessary

Over the long term, the agenda should include slowing the spread of should include slowing the spread of nuclear arms technology, managing China's emergence as a world power and dealing with the rise of religious fundamentalism and the collapse of order in the Third World. rder in the Third Work.

The Group of Seven should be in-

stitutionalized. It should meet three which is or four times a year. This would give the leaders more time for real prob lem solving and for strengthening the habits of cooperation.

Consultations among finance min-isters should be complemented by regular meetings of foreign and defense ministers, trade negotiators and environmental heads.

A small, permanent secretariat' should be established, mainly to ensure better preparation for the group's deliberations and better execution of decisions.

Transforming the Group of Seven along these lines will not reduce the need for other international organizations, like a better-managed United Nations, for crisis management. Nor will it rule out the need for Washington to take unilateral steps from time to time. In the end, however, an upgraded Group of Seven can set e global agenda and realize it.

The writer, a former U.S. assistant secretary of state and ambassador to West Germany, is now a partner at McKinsey & Company, a consulting firm. He contributed this comment to The New York Times.

### Don't Believe What Shultz's Book Says against them, my anger that Washington had done the opposite --By A. M. Rosenthal

N EW YORK — A writer takes a small truth and uses it to create a large falsehood and carry

out a political mugging.

Boring: It happens every day in the gutter press. But the piece of nastiness I have in mind is in a much promoted \$30 book of memoirs. And it is about me. Those

circumstances sharpen my interest. And since the author is not the usual hack mugger in journalism's back alleys but a former secretary of state, and since he is now laying about on even more important tar-gets as be sells the book, I thought the story might interest others. I think especially of journalists and historians who may consult the memoirs as source material on matters of greater significance.
Just being helpful.

In "Turmoil and Triumph," George P. Shultz writes about a meeting I had with Corazon Aquino in Manila in 1985, when she was running for president of the Philippines, and his conversanon with me ebout it.

Mr. Shultz gets part of the story basically right — that I thought she seemed dazed and without ideas. With two other New York Times journalists, I interviewed her in Manila before the February 1986 elec-

tion. I was then executive editor of the paper. Personally we were rooting for Mrs. Aquino against the sitting dictator. President Ferdinand Marcos. Professionally, we found her answers often vague, contradictory and empty of fundamental information. She could not remember the is-

sues that divided her and her own antagonistic vice presidential can-

didate. Asked about the growing rebel army in the Philippines, she suggested that we ask a priest she knew, who was "supposed to be" an expert on such things.

When the interview was printed, with her replies in verbatim text, her supporters rushed some skilled campaign advisers to her.

Mr. Shultz writes that apparent-

ly she was thrown off balance and intimidated by our "close and per-sistent questioning." Flattering but hilariously wrong; we ended the interview ourselves, in embarrassment for her. Mr. Shultz makes a variety of

errors but there is one i cannot allow to pass. He writes that when he saw me I was "distressed" at the idea that Mrs. Aquino might replace Mr. Marcos. False - not just ordinary false,

but also an insulting contradiction to what I have thought and written for decades about dictators and my shame at the American policy of so often supporting them. I was not enthralled by Mrs. Aquino's intel-lect hut never doubted that she would be incomparably better for her country than the dictator.

So it is just my word against Mr. Shultz's - except for a certain written record. After I returned from that trip - to South Korea and Indonesia as well as the Philippines - I wrote an article for The New York Times Magazine, "Journey Among Tyranis,"

It was about my contempt for dictators, all kinds, my conviction that the United States should stand

and my forlorn hope that American backing of Mrs. Aquino against Mr. Marcos meant that at last the United States would consistently promote democracy abroad. Mr. Shultz's own ego was in-volved in this little incident, which

may explain how he reports it. At the time, State Department people told me he had become shouting mad when he heard that at a White House dinner Nancy Reagan asked me what I thought of Mrs. Aquino, and that I had the nerve to tell her of my disappointment. They said that had cut across the appraisal he was giving the White House,

Mr. Shultz writes that I passed my assessment on to Ronald Reagan. That makes the story more important. The man catches me running around the White House until I "poisoned the well." But, again, false. Mr. Reagan never asked and I never volunteered.

But ever after Mr. Shultz was one huge glare when I encountered him. even at e big-boy friendship camp. I thought how fortunate I was not to work for a bureaucrat who would try to shut my mouth and mind. I read no further after I looked myself up in the index and found

Mr. Schultz's ugly untruth about beliefs so important to me. So others, journalists and historians, must judge for themselves the value of more important products of Mr. Shultz's memories, conversation memos and vendettas — and how his particular mind may distort meaning. Good luck to them. The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Kaiser's Dilemma PARIS - The visit of the German

Emperor to Rome has led to a curious difficulty. His Majesty was presented by the Pope with a gold snuff-box set with diamonds as a memento of their meeting. It transpired that the box. a precious work of art, belonged to the Museum of the Vatican. Now, according to an Italian law, all the muscums of Italy are national property, and not the smallest thing in them can be allowed to leave the country. Will Kaiser Wilhelm give up the box?

1918: Bennett Is Dead

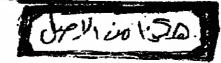
PARIS - With keen regret and a poignant sense of personal loss we announce to-day [May 15] the death of James Gordon Bennett, proprietor and director of the New York Herald. Mr. Bennett passed away at his win-ter place in the South of France, He had been in somewhat montgerent health for several months, but his death will be an unexpected blow to

all who knew him, for he seemed to defy age. His seventy-seven years sal upon him so lightly and his step was so elastic that one could think of him only in terms of youth. In Mr. Bennett journalism loses one of its most commanding and gifted leaders.

1943: Ghetto Liquidated LONDON - From our New York

edition:] The entire ghetto at War-saw, containing 40,000 Jews, has been liquidated after a ten-day battle against Nazi hordes, Rabbi Irving Miller of New York, Secretary Gencrai of the World Jewish Congress. told reporters today [May 14] on the basis of reports from Poland. Nazis rolled through the streets in giant tanks, leveling stores and houses and silencing the feeble guns of the defenders. The rabbi said, "Every living the feeble guns of the defenders. The rabbi said," soul was either butchered or uproofed and moved to some other part of the country. Unless something is done soon we might as well write off European Jewry completely.





# Page 7

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# To Work For Fine Works, Price Is Right International Herald Distance Christopher Burge, who come the anction, is an expert in the He promptly adjusted to the of the room whenever he lectway. International Herald Distance International Herald Di

time. The market is back on its feet, bullish where great works are concerned rathless to mediocrities.
It is as if the clock had been

turned back 15 or 20 years, with one difference: Great art has become much scarcer. As a result, the market, once again dominated by

### SOUREN MELIKIAN

experienced buyers, whether dealers or collectors, pays more for the cream. Lesser works, as always in the distant past, easily find a niche as long as they are priced at a minimal level where they can be retailed to beginners with plenty of enthusiasm and a limited budget. Therein lies the secret behind the

seemingly conflicting results of Sotheby's and Christie's sales on Tuesday and Wednesday night, which caught some media commentators blinking in amazement. The cards dealt out to the players were utterly different, but the game was played by the same rules. It followed a predictable pattern.

Sotheby's had two extremely good lots and one wonderful piece. The extremely good pictures sold extremely well and the wonderful work sold wooderfully. The \$6,712,500 that greeted Renoir's "Femmes dans un Jardin," painted in 1873, reflects the extreme scarcity of works from the early Impressionist phase,

The next one up on the list, Matisse's portrait of a Moroccan woman painted in 1912, was not so easily salable with its harshly drawn disproportionate figure and its even harsher, almost grimacing face. But it is important within the development of early 20th-century painting and rare too, hence the \$14,302,500 it made.

ND then, of course, there was the Cess still life of breathtaking L beauty, which belongs in that very ranified category where the legitimate price is as high as what your bank account can af-ford Simon de Pory, Sotheby's see negotiator whose talents carned both the Cezanne and the Matisse. felt after the sale that the stall life would not have done botter at the height of the market than the \$28,602,500 it got on Tuesday, from an unidentified buyer. He is

Contrasting with this building, he passed by the public of museum shows in the looked at Christie's estimates, of-core were a string of failures. At passed by the public only looks at ten pitched at a more realistic level, he beginning of Sotheley's Passed but Spaintings. This cone, with its score were a string of fallow day sale, four of the first 10 lots fell without a bettle. Yet, ficer was nothing really psysterious about it. As so often in the last two years, the estimates were too high. In a highly professional market no longer im-pressed by hype, these had the re-verse effect of what used to be the case three years ago when beginners were naive enough to ask ano-tion houses how much they should pay. Excessive estimates antagonize the pros. They six on their

A weakly realistic view of a farmhouse carrying Claude Monet's initials and the date 1864, when the future Impressionist ma learning the basics of his craft, never had a chance of making it to the \$300,000 to \$400,000 estimate. Last market, these must surely have been dispelled by the time Chris-tie's concluded its evening session on Wednesday. The makeup of the sale was strikingly different. While auctioned at Sothoby's New York on March 17, 1976, when it was bought for 388,000, it stopped this

week at \$230,000. An undistinguished snowy landscape by Phasarro. "Neige à Mont-foucault," was equally unlikely to reach \$600,000 to \$800,000. It fell at \$450,000. In the mad years culminating in 1989-90, some green-horn might have been dazzled by the early date, 1874, or its inclusion



Christopher Burge, who conducted the auction, is an expert in the field, He promptly adjusted to the mood of the room whenever he bad any

He was happy to sell Renoir's "Le Printemps," a sentimental rendition of a young girl in drapes seen in a blur of pastel colors, on a \$450,000 bid, 10 percent below the low estimate. The next three paintings went the same way. A nonetoo-well composed landscape by Pissarro, done in the Pontoise countryside, was knocked down to a lone contender at only \$310,000 plus premium (estimate: \$400,000 to \$600,000). A sketchy study of strollers "In the Park, at Saint-Cloud" by Renoir was allowed to go at only \$520,000 (estimate: \$600,000 to \$800,000) and a ballet dancer by Degas, not the master's best, at \$600,000 (estimate: \$700,000 to \$800,000). Had Burge insisted to push up the bidding, he would almost certainly have failed.

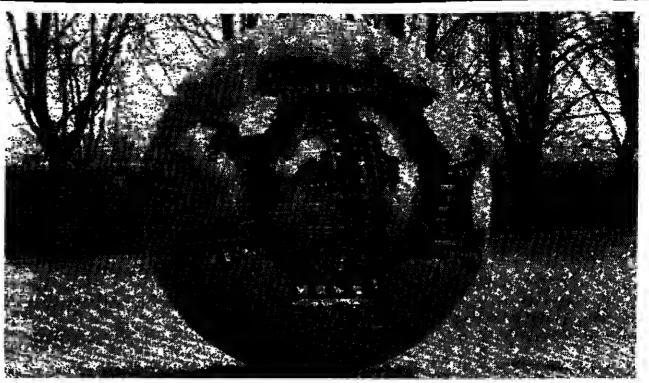
His concessions stimulated huyers as they increasingly felt that the market was left to take its natural course. They boosted an ungainly pastel scene of Russian dancers by Degas in which the women seem to be frenetically scratching the backs of their heads. The pastel climbed to \$6,272,500, far above the high estimate set at \$3.5 million plus premium. At that point, only 20 minutes or so into the sale, the battle was virtually won.

ND then came the piece on which Christie's staked very high booes, to the tune of \$8 million to \$10 million.

The huge seaside view painted by Monet in 1868 could easily have gone amiss. Men in top hats and black coats stand oo a jetty leading to a lighthouse amid heavy waves. It is melodramatic and utterly unlike the Impressionist manner that made Monet famous. The rarity of the work, to which Christie's experts drew attendon, make it, at best, a curiosity. The picture, nonetheless, soured to a quasi-miraculous \$9,682,500. After that, the rest was plain sailing. By the end of the night, Christie's had sold 48 of the 60 works offered, totaling \$48.5

The mediocre Christie's pictures that did so well in a way say more about the recovery of the market than Sotheby's marvelous Cezanne. Bidding was sustained on a great many lots. Dealers as well as collectors could be seen joining the game. Americans seemed to buy more, but Europeans were very active. it was obvious from the start that

If this week's sales proved anything, it is that the art market has a life of its own that allows it to thrive in a gloomy environment. Buying art is ultimately oot a business decision. Whatever the fig leaf used as an excuse, the real motive around 1870 in a style closer to that of the Honfleur school than to Imhas only one name - desire. And



Arnaldo Pomodoro's bronze "Sphere with Sphere" in Pietro Barilla collection.

# Opening a Family Art 'Album'

By Ken Shulman

LORENCE - "This is the first time I've seen this many of my paintings and sculptures together, said the pasta magnate Pietro Bari-lla as be observed the selection of 120 artworks from his personal collection. "Initially, I was worried about exhibiting them, hut oow that I've seen them assembled, in

order, I am happy."

The Pietro Barilla collection, on display through Nov. 18 at the Magnani-Rocca Foundation in Corte di Mamiano di Traversetolo near Parma, is a faithful reproductioo of the happy vagabond spirit with which Barilla has pursued his collection over the past 36 years.

Although there are many important works, including pieces by Picasso, Ernst, Rodin and Henry Moore, the overall tone of the show is delightfully naive, as if it were the incarnation of all that is positive in the spirit of the amateur, of one who collects art oeither for possession nor posterity but simply because

The Banila collection began in 1957, when the owner of Europe's largest pasta company saw a reproduction of a Giorgio Morandi still life on the cover of the magazine Palatina. Morandi's 1957 still life, along with a small, seated "Cardinal" by the sculptor Giacomo Manzu, were the first purchases in a collectioo that today numbers more than 400

At first, the art went to decorate his home, and the homes of his children. But a few years after he began collecting, during a visit to the Ciba-Geigy factory in Basel, Switzerland, Barilla saw a 14th-century work of art and a Picasso hanging in the office of one of the company vice presidents. It was then that Barilla decided "to transfer the spirit of art" into his own corporation.

For years, the offices, corridors, courtyards, and even the cafeteria of the Barilla factory in Pedgrignano ocar Parma have been embellished with the works of artists like Guttuso, Magritte, Manzu, Footana, Savinio, and Marino Marini, "You see this painting here," he says, gesturing toward Giorgio de Chirico's "Le Consolateur" (1929). "It is usually hung oext to the elevator oo the second floor. Now that it is here, we feel its absence."

Ably curated by Roberto Tassi, the exhibition follows a flexible chronology to provide a hare minimum of structure. Spread ont over five reasonably airy rooms, the show is both palarable and easy to digest. Barilla's collection is neither courageous nor innovative. It is oot defined by theme or theory, but by the collector's visceral, at times sentimental and usually coherent, taste. One gleans the sensation that Barilla has been and probably still is enamored of each of the objects in the show,

The collection unfolds like a family photo alhum. Fittingly, oo the occasioo of his 80th birthday, Pietro Barilla has opened this album to the public.

There are many works worthy of mention: Arnold Bocklin's melancholy, savage "Prometheus" (1882): Umberto Boccioni's "Il Romanzo di una Cuciuice" The Romance of a Seamstress, 1908), a static scene of a woman

reading by her sewing machine that is transformed by an inundation of light and color, three vintage landscapes by Giorgio Morandi; several strong, dense naturalistic paint-ings by Ennio Morlotti; 13 sculptures by Barilla's friend Manzu, including the 1963 "Head of Pope John XXIII" and the 1964 "Saint George," and the large sculptures by Arnaldo Pomodoro, Augusto Perez, Mario Ceroli, and Giuliano Vangi that are displayed

in the park that surrounds the Magnani villa. If there is a unifying concept that binds the works, it is that they are generally pleasing to the eye. Light is often predominant, used as an element of potential and possibility, and hope. There is the intellectual light that defines the female figure in Edward Burne-Jooes's 1866 "Study for the Garlaod Weaver." There is the embracing light that Morandi uses to unite the diverse objects in his still lifes. And there is the magical light capable of levitating a variegate chair in Fabrizio Clerici's "La Poltroca di Nonza" Nonza's Chair), 1979. This fascination with ight, made even more poignant oow that Barilla's eyesight has been significantly limited for several years, is an expression of his desire for clarity.

"If I stray from the truth, I am lost," Barilla frequently declares, perhaps explaining the lack of formal abstract art io his collection. "This show is ultimately inneoded

as an act of optimism and faith." The Magnani-Roccz Foundation is u 30minute drive from Parma. Closed Mondays.

Ken Shulman is an American writer based in

### FOR SALE/SOLD

Elvis recordings: Several collections of rare or unreleased recordings by Elvis Presley will be sold by the former head of the singer's fabled "Memphis Mafia" on Sunday

are part of a music and film memorabilia auction featuring more than 700 items, such as a check signed

flintlock pistols that belonged to Marquis de Lafayette, the French hero of the American Revolution, will he sold June 16 at Christic's in London. The pistols were made by **ANTIQUES** 

by Odyssey Auctions in Beverly Hills. California. The recordings

by Marilyn Monroe and a postcard written by the Doors' lead singer Jun Morrison.

Lafayette's pistols: A pair of

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Forthcoming Anction CHRISTIE'S A magnificent set of fifteen Régence tapestries woven at La Manufacture Royale des Gobelins with the story of Don Quixote circa 1717 by Jean Jans fils and Jean Le Febrre fils. The carwons for the central scenes

Matisse's portrait of Moroccan woman got \$14,302,500.

things would go more smoothly than the day before. True, Chris-

tie's, too, had to buy in a few pic-

tures with excessive price tags. The

first one, a country scene painted

by Pissarro at Louvecieoces

auction sales

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suctionner's Office from 31 May to 3 June, from 10 a.m. to 1 p.m. and from 2 p.m. to 6 p.m. 4 June, from 10 to 12 a.m. On view at the Hotel Droubt: 5 June, from 11 a.m. to 6 p.m. an 7 June from 11 a.m. to 12 a.m. Catalogue on request at the auctionner's Office: FF. 100. LOUDMER, 7, rue Rossint, 75009

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request at the auctionner's Office: FF, 100, LC Paris, Tel.: (1) 44.79.50.50, Fax: (1) 44.79.50.51.

pedestries composition and due pelicific does not bear scrattery.

he that covironment, there were

one or two bargains. The Cubist still life called "Siphon et Verre," done by Juan Gris in 1917, was

quite good and not overpaid at \$717,500. It was defuly picked by Leslie Waddington of London, be-

keved to be acting on behalf of a

client. And so the sale jogged on,

with peaks at wide intervals, and 36

percent of the pictures remaining basold, even if those that did find buyers added up to \$77 million, the bighest total achieved by Sotheby's

If some could still ourture

doubts as to the recovery of the

there were no great stars, the lower

level lots were better. At the viewing several dealers told me: "But this is a better sale." Taken all

round this was not really so, given

the couple of gems to be seen at Sotheby's. Commercially, this was

indeed true, particularly when one

And the list goes on.

since the fall of 1990.

were painted by Charles Coypel between 1714 and 1718 and the borders were designed by Jean-Baptiste Belin de Fontenay and Claude Audran. Estimate: £800,000-1,200,000.

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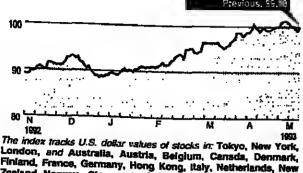
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(Continued on page 12)



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### **ECONOMIC SCENE**

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### Confidence in the 1990s: **Diminished Expectations**

By Louis Uchitelle New York Times Service

EW YORK — Consumer confidence. It has such a reassuring, solid sound. If only it would come back, the U.S. economy surely would get better. It was even up a bit in April, the poll takers reported recently, although not oearly as much as last December, when hopes were so high for the newly elected president, Bill Clinton.

But such avid attention to the monthly fluctuations has concealed a most troubling trend. Ever since the 1960s, the optimism of Americans about the economy

Millions view their

future with no sense of

and their own circumstances has gradually deteriorated. Today. millions of people view their future with no sense of certainty that thiogs can get better. The scaring optimism of the 1950s and '60s that life in Amer-

certainty that things can get better. ica could only become more prosperous has gradually giveo way to what Richard T. Curtin, director of consumer surveys at the University of Michigan, calls "diminished expectations." The 1970s and early '80s — a transition period — brought fist-banging and frustration as living standards stopped rising for most Americans.

Now, particularly over the past three years, the struggle to regain the old prosperity has dissolved into resignation. "People are satisfied today if they can keep their incomes and living standards from declining." Mr. Curtin said. Other poll takers have picked up the same shift in atotudes,

among them the Daniel Yankelovich Group, a market-research firm. "Happiness is being able to cut it with less," said Florence Skelly, the firm's vice chairman. "Rather than trying to climb the economic ladder, people are becoming more coocerned with rela-tionships and family and community involvement." The phenomenon is still too new to trace all its consequences, says

Christopher Jeneis, a sociologist at Northwestern University. But some are becoming evident. Above all, Americans, having lost the old confidence that next year will bring a higher wage or a better job, have been unexpectedly reliatiant to help strengthea the economy. As interest rates fell last year, for example, economists thought

homeowners would refinance mortgages to lower monthly payments. They did refinance, but the savings were not spent on consumer goods. They have gone mostly to pay down debt in case a wage earner is laid off or forced to take a lower-paying job. Such bad luck, so alien to the 1950s and '64s, so resisted in the ''3s, is now accepted as anyone's possible fate — in an age of diminished expectations.

"People were more comfortable with debt in more optimistic times," said William Dudley, a senior economist at Goldman, Sachs.

# HDTV Debate In U.S. Starts A Jobs Brawl

By Edmund L. Andrews New York Times Service

WASHINGTON - With only months remaining before the U.S. government is to select a national standard for highdefinition television, the contest between several rival systems is quickly being transformed from a technical competition to a political brawl over which system would create

the most jobs.

The fight, the first real test of how industrial policy will devel-op under the administration of President Bill Clinton, involves a central piliar in the govern-ment's effort to rejuvenate the American electronics industry.

The governors of Pennsylva-nia and Indiana have lobbied on behalf of one of the proposals, because the two big European companies backing it have promised to build television sets at factories in their states if the stem is chosen as the standard. That has drawn protest from other companies in the competition, which argue that the jobs

impact cannot be measured by assembly work alone. Members of the administration, including Labor Secretary Robert B. Reich, and members of Coogress, including the House majority leader, Richard A. Gephardt, also are prodding the Federal Communications Commission to consider the

employment impact in assess-ing the rival systems.

Further roiling the issue, the computer industry is mounting a campaign to put pressure on the FCC not to adopt an HDTV standard that would favor broadcasters over computer companies. The computer makers fear that the government will pick a standard that does not take into account the impending convergence of television sets and computers, and could delay the arrival of new information services that would be delivered to homes over ca-

making, has been to select a television technology that could let the United States reclaim an industry that American manufacturers largely lost to Asian 1970s and '80s.

Some industry experts worry that selecting an HDTV standard on anything other than purely technical criteria could doom the nation to a secondrate system.

At least one FCC official is worried that political pressures might distract the agency from reaching the best decision. "It raises the danger that we

would be presented to select a technologically inferior system," said Ervin S. Duggan, one of the FCC's three commissioners. Still, the commission, which hopes to select a system by early

next year, is now starting to oblige the politicians by asking the rivals to detail their plans As it happens, the new focus jobs has put the race's two teams on the defensive. Zenith Electronics, which is allied with American Tele-

phone & Telegraph Co., builds almost all its TV sets in Mexico. The other U.S. team, an alliance between General Instrument Corp. and the Massachusetts Institute of Technology, does not even make TV sets; it plans to license its technology. Most of the pressure to high-

light the jobs issue comes from the Advanced Television Research Consortium, whose mem-bers include such U.S. interests as the NBC television network. But the financial control belongs to two major European mies, One is North Amer-

ican Philips, a unit of Philips Electronics NV of the Netherlands, which acquired Magnavox and Sylvania in the 1970s. The other is Thomson Consumer Electronics, which is owned by the French government.

# Currency Shifts Unsettle Europe

## Germany Fears the Worst Spain Hopes for the Best

recession-scarred economy has in times of economic growth, com-been dealt a blow as a new round of panies can usually afford to pass. European currency devaluations such appreciations on to their cusincreases pressure on the country's crucial export industry, analysts said on Friday.

Taken in isolation, the 8 percent devaluation of the Spanish pesera and the 6.5 percent cut in the value of the Portuguese escudo will prob-ably not affect the overall outlook for German gross national product or export figures for 1993. But observers said Germany's

struggling car and metalworking companies would suffer crosion of their international competitiveness. "It's bad news for Germany," said Andrew Black, economist with M.M. Warburg Bank in Hamburg. The more we have these one-off devaluations, the more difficult the economic scenario looks," he added.

Industry, said German business had already suffered from a dramatic upward valuation of the mark since Europe's currency markets were plunged into turmoil last autumn. During a period of market calm between 1987 and last September, when there were no EMS realignments, Germany benefited from an 8 percent depreciation of the mark. But Mr. Kndis said this depreciation had turned into a troubling 8 per-

Reinhard Kudis, monetary policy

analyst at the Federation of German

cent mark rise in the year to May as a result of the series of European currency devaluations, and that was before the Thursday devaluations.

Reaser A mark appreciation pushes up
FRANKFURT — Germany's the cost of German goods abroad. tomers in the form of higher prices.

But Mr. Kudis said, There is absolutely no scope now for higher prices. The result will be lower company cartings."

Economists noted that the European export market was a far more significant trading area for Germany than the United States. Including the EFTA trading bloc. Germany sold nearly two-thirds of its exports to this market, compared with less than 10 percent to the

At the German Association of Machine Tool Makers in Frankfurt, economist Gerhard Hein was particularly concerned about the devaluation of the peets. The Spanish market is the sixth-largest in the world for exporters in his sector and sales there had increased by 55 percent in 1992.

This will certainly have an impact," he said, noting German machine-tool exports to Italy fell 21 percent in 1992, a move he linked to last year's devaluation of the lira and its subsequent withdrawal from the exchange-rate mechanism of the European Monetary System.

Spain accounted for about 4 percent of German exports last year and Portugal took about 1 percent. Econconists agreed these percentages were too small to have any impact on

### Compiled by Our Staff From Dispatches "The policy of keeping high inter-MADRID — The Spanish government seems to have put the best shows the failure of an economic face on a bad economic situation model that has weakened economic

with its sharp devaluation, and fi-nancial markets responded well on ment without correcting imbal-Friday to the prospect of reduced Late Thursday, the government

data that apparently forced its hand. to 21.74 percent in the first quarter from 20.1 percent in the final three months of 1992. The rise means that on an average day in the latest peri-od, 2,800 people lost their jobs, and 3.3 million are now out of work. But the devaluation came amid

sing inflation. The annual rate rose to 4.6 percent in the 12 months through April, up from 4 percent at the end of March. The weaker currency will make imports more ex-pensive in peseta terms, putting upward pressure on prices.

The Economy Ministry on Fri-day said the jobs data confirmed that Spain was in recession, particularly the manufacturing sector, where employment fell 9.76 percent from a year earlier. The Socialist Party faces a general

election June 6, and the bleak job situation is weighing more heavily on the public's confidence than the economic problems caused by devaluation. Prime Minister Felipe González on Thursday emphasized benefits of the move for exports and tomism and said it would allow the beginning of an economic recovery. Few accepted his enthusiasm.

est rates and an overvalued peseta activity, employment and investances," the business federation

The devaluation followed several days of heavy peseta selling, and amhorities said they were not prepared to allow more hemorrhage of reserves. Less than a year ago, Spain had about \$70 billion in reserves. but now some analysts say the figure could be close to \$20 billion.

Economy Minister Carlos Solchaga Catalán said the devaluation was purposely carried out earlier than speculators had expected to catch them going the wrong way.

The adjustment, which followed a 5 percent devaluation last September and one of 6 percent in November, puts the Deutsche mark's target value in the exchange-rate mechanism of the European Monetary em at 79.1100 pesetas, up from 72.7877. The peseta is allowed to functuate from that level by 6 percent, while most ERM currencies st stay within 2.25 percent of their assigned values.

In currency trading on Friday, the peseta edged up against the mark, considered the anchor of the ERM. The mark fell to 76.200 pesetas from 76.425. The Bank of Spain said it had been buying marks in the mar-ket to start replenishing its reserves.

See SPAIN, Page 11

# U.S. Industrial Output Warmed in April

WASHINGTON - U.S. industrial production, which stalled in March when a blizzard swept the East Coast, picked up again in April with a 0.1 percent gain, the government reported Friday. It was the sixth advance in seven months. Analysts said the figure was another sign that the U.S. economy, which had slowed during the

first quarter in large part because of the harsh winter, was now resuming modest growth.

But they also expressed concern that inflation may be picking up, although they expected

any increases to be moderate.

The Federal Reserve said output at factories, mines and utilities in April was paced by strong increases in the production of computers. Over-

all production had increased for five straight months before the March stall, which the Fed

blamed in part on the East Coast storm.

In another report, the Commerce Department said inventories shot up 0.8 percent in March, the largest advance in nearly three years. Sales increased at a much slower 0.2 percent pace.

Inventories totaled a seasonally adjusted \$861.1 billion, up from \$854.6 billion a month earlier. Sales rose to a seasonally adjusted \$586.5 billion, from \$585.4 billion in February. Analysts say a big gain in inventories could mean a decrease in production as businesses restrain their orders until demand picks up and

But the department reported Thursday that retail sales in April jumped 1.2 percent, after plunging 0.8 percent in March.

The Fed said the slight increase in output had added virtually nothing to the capacity utilization rate. U.S. industry operated at 81.4 percent of capacity in April for the second straight

The industrial-production index rose to a record 110.0 in April, up from 109.9 in both Pebruary and March.

By industry, manufacturing output rose 0.4 percent and mining output climbed 0.8 percent. Utility output fell 3.6 percent because of a return to more normal temperatures, the report (AP, Bloomberg)

# The Last 'Cheers': A Cash Bonanza

By Stuart Elliott

NEW YORK --- Next week, several blue-chip American companies utc) "Cheers" finale, the rate of will be spending record amounts of \$650,000 per half-minute is "a very money to advertise on a television reasonable price." show about a group of friends who hang out in a bar.

has become an icon of popular cul-ture in its 11 years on NBC, show

deliver enormous numbers of view-

nus, senior vice president and director of national television and programming at J. Walter Thomp-sen U.S.A. in New York. He was watched events such as the Super Bowl football championship game io January (133.4 million) and talkterview of entertainer Michael

that there is some life left in net-work TV in an age of proliferating cable and home-video alternatives. It turns out that, by presenting

works have demonstrated an ability to hit big." said Jerome Domireferring to the huge audiences that show hostess Oprah Winfrey's in-Jackson in February (62 million). Bill Koenigsberg, president and

media-services company in New

Donald's and J.C. Penney.

"This is a year when the net-

And the sums being laid out — \$650,000 for every 30 seconds of ad time — for the final episode of "Cheers," a situation comedy that

programming that viewers perceive as a "special event," old-fashioned network television is still able to ers to advertisers.

York, said that, considering the estimates that 100 million Americans will watch the extra-long (98-min

And in fact, the 25 to 30 halfminute spots available were bought up swiftly by a phalanx of promi-nent advertisers. Although the oct-work has declined to identify them, the trade publication Inside Media reported that they include An-heuser-Busch, Apple Computer, Coca-Cola, Dr Pepper, General Motors, Timeoln-Mercury, Mc-Despublic and LC Penner.

The last "Cheers" episode is particularly alluring for many of them because the series, almost since its debut on Sept. 30, 1982, has been a favorite of younger, better-educat-ed and more afficient adults. That andience, so demographically de-sirable to marketers, has made "Cheers" one of the highest-priced scrics on television.

Throughout its final season, NBC has been charging about \$300,000 for each 30-second spot, a rate currently exceeded by only one other series — "Murphy Brown" on CBS, starring Candice Bergen and attracting a similar audience, which has been getting \$310,000.

The fact that NBC has always scheduled "Cheers" in its Thursday night prime-time lineup has made it an attractive vehicle for major chief executive at Horizon Media, a

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EUROPEAN FUTURES

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REVERSE STOCK SPLIT

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aury Finance - 4-for-3 STOCK

NEW YORK — Stocks fell on tion and interest rates continue to riday, with prices depressed by rise, we don't believe bank stocks Friday, with prices depressed by inflation, and shares in banks took an especially hard drubbing.

The Dow Jones industrial average fell 4.98, to 3,443.01, and falling issues on the New York Stock Exchange outnumbered advancers by an 8-to-7 ratio. The New York Stock Exchange financials index fell 2.45

### N.Y. Stocks

points, to 205.97, off 1.2 percent. Donaldson, Lufkin & Jenrette downgraded regional bank stocks. and prices of money-center bank shares fell in sympathy. The stock market was hit by U.S. data on Wednesday and Thursday that indicated an acceleration of inflation. and industrial-output figures released Friday fanned the fears.

The economy is recovering, but investors are concerned by the rise in interest rates," said Peter Canelo, market strategist at NBIWest Securi-ues. With long-term bond yields approaching 7 percent investors are likely to hesitate before committing funds 10 stocks, he said.

Despite the inflation news, bond prices improved Friday, recouping some of the steep loss Thursday. The beliwether 30-year Treasury bond rose 3/32, to 102 8/32, trimming us yield to 6.94 percent from

The inflation worries were especially hard on banks. Thomas Brown, a DLJ bank analyst, said.

"If investor concerns about inflaas a group can significantly outperform the market averages." Royal Dutch Petroleum paced the

Big Board, falling 2½ to 90%. The issue had risen Thursday after reporting first-quarter net income rose a larger-than-expected 23 percent.

Chase Manhattan followed, falling % to 29%, leading the decline of bank stocks. Bank America fell 1/2 to 45%. NationsBank dropped 2½ to 45%. Citicorp lost ¼ to 26% and Chemical slid ½ to 364.

Echo Bay Mines led the American Stock Exchange actives, unchanged at 11%. Gold miners have scored big gains in recent sessions, but their ascent was slowed Friday when gold slipped about \$1 an ounce. Royal Oak fell 1/2 to 51/4.

Adaptec was active in over-thecounter trading, slumping 31/4 to 20%. There were concerns its prod-20th. Here were concerns us product prices could fall following rival Distributed Processing Technology's introduction of a lower-priced adapter to connect peripheral devices to computer systems.

Spectrum Information Technologies was up 31/32 at 6%. Shares of the developer of wireless data technology have been rising since Tues-day, when it licensed its cellular patents to American Telephone & Telegraph Co.

Intel fell % to 971/2. Microsoft slipped ¼ to 85½. (Bloomberg, UPI, Knight-Ridder)

# U.S. Data Sap Dollar As Yen Heads Higher

NEW YORK — The dollar slumped Friday against major cursulden rebound in the yen. rencies amid growing concern over the sluggish U.S. economy and the continued strength of the yen.

The U.S. government reported that industrial production had

### Foreign Exchange

gained 0.1 percent in April, while the market had been expecting 0.3 percent growth, and a University of Michigan survey found a big drop in consumer confidence. The rise in inventories in March was the largest since May 1989.

Together, the reports took the wind out of the U.S. currency. The dollar fell to 1,6020 Deutsche marks, after 1.6160 on Thursday. Dollar bulls were disappointed

that we couldn't break above 1.62 marks this week." said Bob Near, a dealer at the Bank of New York. "Nor is it likely next week. We're in a range of 1.58 to 1.62 marks."

Sentiment for the U.S. unit also was hindered by an increased flow of funds to the Deutsche mark in the wake of Thursday's storm in the The dollar weakened against the

yen as the market interpreted com-ments Thursday by the U.S. com-merce secretary, Ronald H. Brown, to mean be favored a higher yen. "Brown's comments show the U.S. administration really does

want a higher yen," said Suresh Sadasivan, currency analyst at MMS International. The dollar ended at 110,80, after 111.85. It also finished at 1.4490

Swiss francs, after 1.4622, and at 5.4065 French francs, after 5.4510.
The pound closed at \$1.5390, after \$1.5220. The dollar ended lower in London, largely due to the U.S. data. In late European trading, the dollar stood at 1.6015 DM, down

from 1.6145, and at 110.800 yen, down from 111.685. The pound ended at \$1.5374, after \$1.5245. The U.S. unit closed at 1.4511 Swiss francs, after 1,4570, and at

### Dow Jones Averages The Dow LOW Close City Daily closings of the Dow Jones industrial average Standard & Poor's Indexes NASDAQ Indexes 678.57 673.70 674.37 +8.73 705.52 701.87 705.49 +3.74 816.13 884.71 805.95 +11.55 841.21 884.09 839.54 -2.72 813.81 887.18 812.85 +3.12 605.43 578.55 599.18 -7.15 677.08 668.07 6694.80 -3.51 NDJFMAN NYSE Indexes 777.6 1993 1992 High Law Close Cirps - - 24124 +0.07 - - 294.77 +0.94 - - 237.20 +0.12 - - 205.97 - 245 - - 220.27 - 0.25 - 24134 +0.07 - 24137 +0.14 - 24729 +0.12 - 26537 - 245 - 25032 - 0.23 NYSE Most Actives AMEX Stock Index **Dow Jones Bond Averages** Market Sales **AMEX Most Actives** 5744 3744 374 374 124 174 174 174 174 42396 34805 13706 9970 7385 4932 4932 4739 4637 3571 3196 3067 2568 2668 2668 39% 35% 135% 225% 24% 14% N.Y.S.E. Odd-Lot Trading NYSE Plary S&P 100 Index Options 4 | 6 | 2 EKz **Amex Diary**

### **France Confirms Recession**

**NASDAQ Diary** 

PARIS - The French statistics office, INSEE, confirmed Friday in its latest study of the economy that France was in a recession.

Dec 9

"GDP is expected to decline in the first half of 1993," the office said. France is therefore in recession." The study predicted a decline of 0.75 percent in gross domestic product

during the first balf of the year, after a 0.6 percent decline in the fourth quarter of 1992. If there is no recovery in the second half of the year, there would be a full-year decline in GDP of 1.0 percent in 1993, INSEE said.

5.4275 French francs, after 5.4400. Total GDP is projected to fall by 0.5 percent in the first half and by 0.7 (Knight-Ridder, Bloomberg, Reuters) percent for the full year if there is no upturn in the second half, it said.

# U.S./AT THE CLOSE

# Icahn Offers \$1 Billion Cash for E-II

MOUNT KISCO, New York (Bloomberg) — The financier Carl C. Icahn made a \$1.18 billion cash offer on Friday for E-II Holdings Inc., the maker of Samsonite luggage, McGregor menswear and Culligan

water-treatment equipment.

Mr. Icahn, the former owner of Trans World Airlines Inc., said his Mr. Icann, the former owner of the assets of E-II and all its liabilities other than senior subordinated notes and junior debentures. He said his other than senior subordinated notes and junior dependences. He said his offer was not subject to obtaining financing from outside sources and he would deliver a \$50 million nonrefundable deposit to E-II, which has been operating under Chapter 11 for about a year, if it accepts.

Junior creditors would receive about 74 cents on the dollar, compared with for creditors would receive about 74 cents on the dollar, compared

with 59 cents under the company's reorganization plan, Mr. Icahn said. Senior creditors would be paid about \$1.23 on the dollar for the face amount of their debt, compared with about \$1.14.

NEW YORK (Reuters) — InterTAN Inc., which sells consumer electronics outside the United States through Radio Shack and Tandy outlets, said Friday that it planned to discontinue operations in Conti-

nental Europe by closing more than 300 stores.

Citing a history of losses, InterTAN said it would close 92 stores in Belgium and 210 in France as well as its Brussels headquarters and warehouse. Operations will continue in Canada, Britain and Australia. The company anticipates a pretax charge of \$70 million to \$80 million for the fourth quarter, ending June 30, to cover the costs of closing, including

Wall Street appeared to approve of the decision, and the company's stock rose \$1.25 to \$8.125 on the New York Stock Exchange.

as of March 31. The agency normally sells the deposits and some of the assets of failed banks to other financial institutions and liquidates the nonperforming assets separately.

such issues as piracy and quality control, are opposing a plan by Interational Business Machines Corp. and Blockbuster Entertainment Corp. to develop a system for in-store, instant duplication of compact disks.

MCA Music, Warner Music and Sony Music all declared opposition to the venture, announced Tuesday by IBM and Blockbuster. Music company executives are clearly miffed that they were not briefed about the venture.

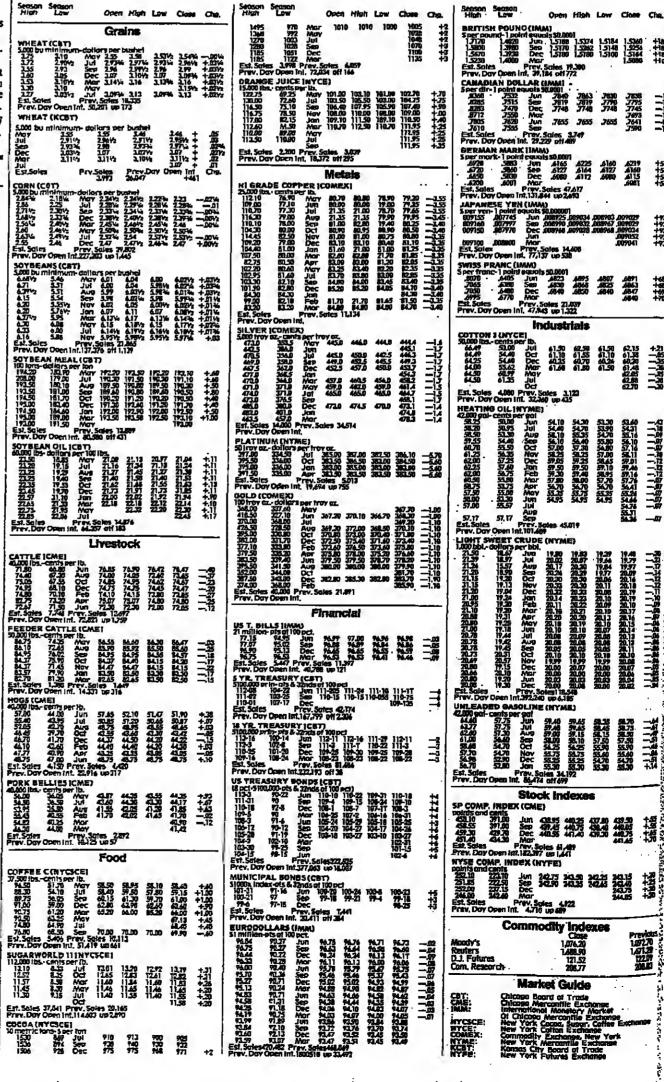
to the venture, since any successful system would need permission from record companies to reproduce their copyrighted works.

### For the Record

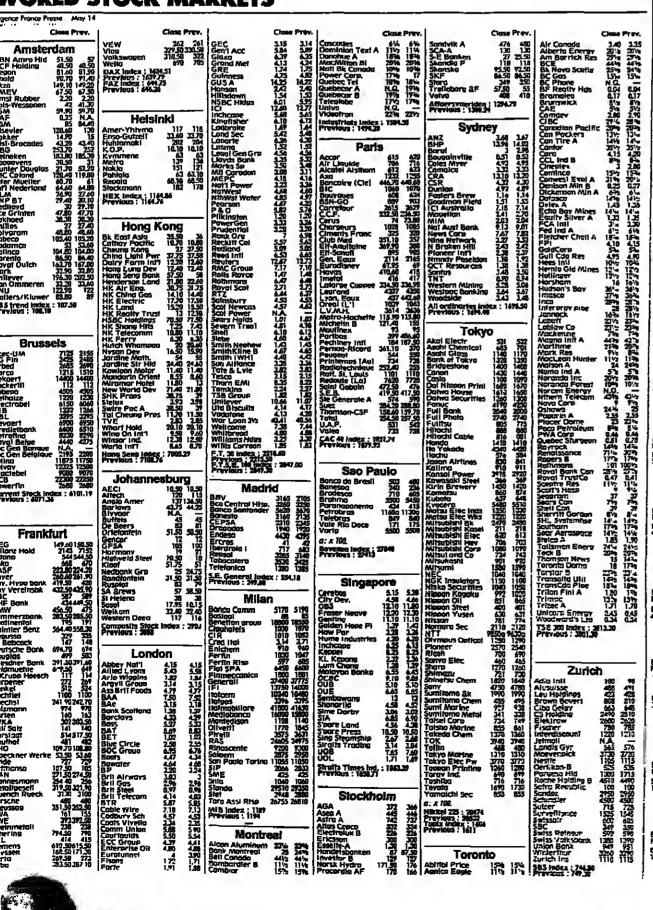
American Telephone & Telegraph Co. will lay off 1,000 employees,

Monsumto Co. completed Friday the purchase of Chevron Co.'s Ortho Consumer Products division, which makes fertilizers, insecticides and gardening products, for \$400 million.

### **U.S. FUTURES**



### **WORLD STOCK MARKETS**



Radio Shack to Close on Continent

the severance of 1,000 employees.

### FDIC Plans to Sell Bank to Investors

WASHINGTON (Bloomberg) — The Federal Deposit Insurance Corp. said Friday that it planned to sell all or most of CrossLand Federal Savings Bank, a New York savings bank, to institutional investors.

The FDIC took control of CrossLand Federal in January 1992.

CrossLand Federal had \$5.7 billion of assets and \$548.2 million of capital

# 3 Music Firms Oppose CD Copying LOS ANGELES (LAT) — Three big music companies, concerned about

Using digital technology, the proposed system would in minutes produce CDs, which would never be out of stock because the music would be stored on a digital data base. Music industry cooperation is important

about 15 percent of the work force at its largest manufacturing plant in North Andover, Massachusetts, after an upgrade of AT&T's long-distance network reduced demand for equipment made there.

Boeing Co. announced Friday that Shanghai Airlines had ordered five wide-body B-767-300 jets valued at \$450 dollars.

(AFP)

which the former department-store chain expects to post a profit from operations starting in the 1995 financial year.

(Bloomberg)

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Friday's Prices

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# Frankfurt Bourse Looks to '94

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By Ferdinand Protzman New York Times Service

BONN - The Bundesbank's slow but steady lowering of interest rates this year has done little to boost stock prices, and many investors in the Frankfurt Stock Exchange seem to be reconsidering their positions amid

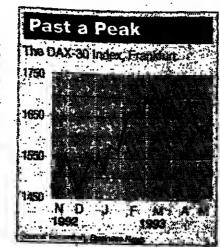
a large number of bearish agns.
With the recovery in the United States also looking too feeble to pull up German stocks, market analysts see Frankfurt's weakness continuing over the next few months and are already beginning to look for stocks that they think can rebound in 1994.

Frankfurt's 30-share DAX index, which shood at 1.545.05 at the end of 1992, rose above 1,700 in early March before starting its retreat. It closed Friday at 1,634.51, down 5.28 points.

A growing number of German stock investors now appear to believe it is time to get out, and many who remain are revising their strategies and taking a longer view.

Christian Heger, an investment strategist at Trinkhaus Capital Management GmbH in Dusseldorf, acknowledged that German stocks had railied to turn in some spectacular second-half performances in the late 1980s, but he said that was not likely to be the case

this year.
Lower interest rates alone, he said, could not offset a host of negative factors: Germany's recession is more severe than expected.



and gross national product is forecast to contract by about 2 percent this year; de-mand in key export markets remains weak; German unit labor costs have risen sharply; the strong mark is undermining the competi-tiveness of the nation's industry, the publicsector debt is soaring because of the costs of German unity, and markets in Eastern Europe have virtually collapsed.

Exports are also suffering because of weak economies elsewhere in the Europe. And with other European currencies tied to the Deutsche mark through the exchange-rate mecha-nism, its main trading partners tend to reduce their interest rates in step with Germany, so the mark does not gain a competitive advantage from changes in rates.

In areas where economic growth is relatively strong, moreover, such as Southeast Asia, China and Latin America, Germany generally is only a marginal presence or a relatively

But there are a few bright spots. German corporate earnings are expected to rise in 1994 because of the cost-cutting measures many companies have implemented during the recession. And lower interest rates will eventually send capital flowing into the stock market and tend to reduce the mark's value against other major currencies, especially those outside Europe like the dollar and yen.

As a result, recommendations center on German blue-chip stocks that can weather the downturn and stand to benefit from either lower interest rates or a stronger dollar.

Mr. Heger's list includes two of Germany's biggest utility and service concerns, Veba AG and RWE AG. He also likes Siemens AG, Germany's largest electronics company, as well as Daimler-Benz AG, the technology conglomerate that builds Mercedes-Benz cars and trucks, and the giant chemical concerns Hoechst AG and Bayer AG, which have sizable operations in the United States.

# Squeeze on Airlines Dampens Debut of Looser EC Rules

Compiled by Our Staff From Dispatches BRUSSELS - The severe financial difficulties of European airlines have all but ruined their chance of benefiting from the Eu-ropean Community's single mar-

ket, the Association of European

Airlines said Friday. "It is ironic that these changes occur at a time when the industry is too weak to take full advantage of them," Karl-Heinz Neumeister, the secretary-general of the association, which groups 23 scheduled sirlines, said at a news conference. "All the indications are that the early '90s will be remembered as perhaps the most critical period in

the industry's evolution." "For the time being" he said, "Europe is not at all attractive for the airline business."

Preliminary figures for last year show losses of \$250 million for European arrines, on top of a \$1.1 billion loss in 1991.

Passenger traffic increased in 1992 by 14 percent, representing a recovery of the 1991 losses plus modest growth; the number of seats available grew by slightly more than 12 percent, and there was a small increase in the number of seats actually sold, Mr. Nen-

But revenue took a turn for the worse as European airlines suffered from continuing growth in capacity, high interest rates, the low number of seats sold on European rootes and a U.S.-led fare war.

Mr. Neumeister said that if airlines could have sold their aircraft

Yields fell by more than 12 percent on North Atlantic routes as a fare war raged all year.

The slump deterred airlines from taking full advantage of a relaxation in EC rules and new competirive opportunities, Mr. Neumeister said. At the start of 1993, EC airlines were allowed to set up subsidiaries anywhere in the trade bloc and operate between any two EC

### Earnings Rise At Telegraph

Bloomberg Business News

LONDON - The Telegraph PLC said Friday that its first-quarter pretax profit had a little more than doubled from a year earlier, reflecting higher sales and a one-time gain.

The British newspaper publisher said it earned £19.1 million (\$29.1 million) in the period, up from £9.5 million, Sales rose to £62.4 million from £58.6 million. Results included a gain of £6.5 million on the sale of a 13 percent stake in the newspaper group Trinity In-ternational Holdings PLC.

In Sydney, meanwhile, John Fairfax Holdings Ltd., the Australian publishing concern whose majority shareholder is Telegraph, said pretax earn-ings in the nine months ended March 31 had risen 30 percent to 120.9 million Australian dollars (\$84.6 million).

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Investor's Europe

### Very briefly:

• Lourho PLC is selling The Observer, Britain's oldest Sunday newspaper, and a number of related publications to a unit of Guardian & Manchester Evening News PLC for £27 million (\$41 million). Jonathan Fenby, deputy editor of the Guardian, will take over soon from the Observer editor, Donald Trelford, who has held the job for 18 years.

 British company insolvencies fell 5 percent in the first quarter, the second consecutive quarterly drop.

 Swiss commercial bankruptcies so far this year are up 24.3 percent from the same period in 1992.

· Michelin, the world's largest tiremaker, said first-quarter sales fell 13.7 percent from a year earlier, to 14.72 billion French francs (\$2.7 billion). • Sheraton hotels will invest \$180 million in a 300-bed hotel in Tallinn,

· Dresdner Bank AG, Germany's second-largest bank, said four-month group operating profit had risen about 15 percent, compared with the profit of the same period of 1992.

Bloomberg, Renters, AFP

# Unilever Profit Climbed 7% in Quarter

Compiled by Our Stuff From Dispatches

LONDON - Unilever Group, the British-Dutch consumer-products conglomerate, an-nounced Friday that pretax profit had risen 6.9 percent in the first quarter, driven higher by strong growth in Latin America and Southeast Asia and helped by the weakness of the pound.

But the company's shares came under pressure in both London and Amsterdam amid investors' concerns over the pressures of recession on Unilever's European operations.

Pretax profit climbed to £420 million (\$641 million), from £393 million in the first quarter

(Continued from first finance page).

In Frankfurt, the Bundesbunk said it bought 8 million

The pesets some even though the Bank of Spain cut in intervention rate to 11.5 percent, down 1.5 points.

Economists predicted the intervention rate is could full.

as low as 9 percent, with titles on 10-year bonds drop-

ping to 10.5 persons from the current 11.07 persons. That yield declined Friday from its opening level of

11.20 percent. Stocks advanced in Madrid, although some offinessic

investors took profits and pushed equities down from their best levels of the day. The general index closed up

The Spain Fund, which invests in Spanish stocks

and bonds and is quoted on the New York Stock

Profit in guilder terms climbed 1.5 percent to 802 million guilders (\$443 million).

The results were at the bottom of analysts'

forecasts, which also added to pressure on the The results were "something of a disappoint-

ment," said Ed Moes, trader at Kempen & Co. In London, Unilever shares dropped to 1,066 pence, from 1,107 on Thursday, and in Amsterdam to 196.30 guilders, from 202.50.

A Smith New Court food analyst, Tim Pot-

Lisbon Unruffled

Exchange, fell 25 cents a share on Friday, to \$9.25.

Analysts said the main beneficiaries of the rate cut

(Reviers, AFX, AFP, Bloomberg)

and devaluation would be stocks in banks, highly lever-

aged milities, road authorities and export-oriented

Portuguese business executives welcomed on Friday

the 6.5 percent develuation of the escudo, but econo-

mists said it would not give much of a lift to the stegment

economy, Renters reported from Lisbon.
Fernando Baes Afonso, economist at the Portu-

gnese association of construction companies, said the devaluation could take pressure off money markets

and allow interest rates to fall, which would be posi-

SPAIN: Government Puts Best Face on Bad Situation

of 1992. Sales rose 6.9 percent to £6.03 billion, ter, said Unilever appeared to be reining back on its previous bullish forecasts for North America and adopting a more hesitant stance. He added there had been no benefit as yet from the British recovery.

North American profit rose 6 percent to £18 million, helped by strong sales and higher profit margins at Elizabeth Arden and Calvin Klein cosmetics. Sales edged up just I percent.
The overall profit advance for the period was

led by substantial volume growth in Latin Amer- seats to the same degree as in 1990, ica and Southeast Asia and a significant reduc-tion in losses in Japan. (Reuers, Bloomberg) \$1.6 billion.

## EMS: Devaluations Seen as Surrender to Speculators

(Confirmed from page 1) and is the result of the recession," he said. "I'm not convinced that interest rates are that painful given the record of the 1980s. There's lots of misplaced attention on interest rates."

The fundamental element that disturbed Mr. Wyplosz is his view that the European Monetary System is totally unstable because there is no protection from capital movements. This means the markets can take on any currency when they think it's at risk." Such a

run can force a country into a devaluation. In his view, the only way to put a brake on the flow of hot money is to impose margin requirements on

foreign-exchange positions. The perceived risk in Spain - similar to the conditions that prevailed in France during the franc's weakness — is an upcoming election, on June 6, that could

put the current opposition party into power, raising questions about the commitment to exchange-rate stability.

France overcame market doubts thanks to the singularly strong support it received in defending the franciscom the Bundesbank and from the rapid movement of the government of Edouard Balladur to make the Bank of France independent. Such independence is important, Mr. Wyplosz noted, because it assures traders of a consistency in monetary policy regardless of which political party controls the government.

Nevertheless, he worries about the continued free float of sterling and the lira, which withdrew from the ERM last year, and the repeated devaluations of the peseta as "providing ammunition for people to start questioning the strong-brane policy since it will further deteriorate French competitiveness."

### Japanese Opener in Toronto

TORONTO - Trade ministers from the major industrial nations opened talks Friday aimed at making enough progress in global trade negotiations to present a partial deal to a Tokyo summit meeting in July. The main goal of the meeting among representatives of the United States, the European Community, Japan and Canada is to secure an agreement on market access that would include lower industrial tariffs and rules for trade in such services as banking and telecommunications. Some progress appeared early, when a Japanese official reported that Tokyo had come with an offer on tariffs.

"Japan is ready to offer further cuts on some 700 items," said an official accompanying Trade Minister Yoshiro Mori. No details were disclosed, but the official said Tokyo hoped such a move would help meet the demands of the United States and the European Community.

A market-access deal would form part of a wider package of trade measures being negotiated by the more than 100 countries taking part in the Uruguay Round of world trade talks.

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect is te trades elsewhere. Via The Associated Press (Continued)

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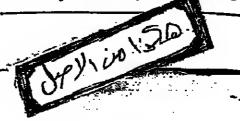
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# American Flags Over Vietnam U.S. Firms Stake Claims Before Embargo Is Lifted

By Charles P. Wallace Los Angeles Times Service HANOI - The American flag is flying again over Vietnam. Only this time, it's not fluttering over a military base, it's being waved enticingly by U.S. business.

Company of the control of the contro

A homemade Stars and Stripes now flaps next to the yellow star of Communist Vietnam at the offices of Vatico, an American business consultancy, causing a commotion in the Hanoi neighborhood where it opened its doors last month.

"I have held for years that Vietnam will be the fastest growth opportunity in Asia," said James Rockwell, an Oregon businessman who moved here seven months ago to found the company, "I don't have any of the skeletons of the Vietnam War in my closet, and I don't want anyone putting those skeletons in my closet."

Mr. Rockwell is one of a small band of mostly young U.S. businessmen who are camping out in Vietnam, hoping to win a piece of the market when the United States lifts the 1975 trade and economic embargo. Many of the entrepreneurs predict that Vietnam and Company of the Comp nam will join the ranks of Asia's "dragons" as a booming, export-based economy.

But President Bill Clinton has said he will not be lifting the embargo any time soon because of ingering concerns about U.S. servicemen still listed as missing in action in the Vietnam conflict, the only issue remaining as a roadblock to normalization of ties. But that does not seem to have dampened

the enthusiasm for doing business. "The firms I work with don't care about the embargo," said Eugene A. Matthews, who heads Ashta International Inc., another business consultant. "They know it's going to end soon - either tomorrow or a couple of

months from now. They want to be ready when that happens." Mr. Matthews, a Harvard Law School grad-uate, first came to Vicinam in February 1989, then moved here from a job in Japan in 1990, officially to learn Victnamese but making important business contacts along the way.

He has spent the last three years living at the spartan guest house belonging to the Vietnamese Ministry of Education, working and living in a single room. He gets around by bicycle and pedicab.

"I focused on Vietnam a couple of years ago and decided that this is a place to make a lot of money," he recalled. "If it was easy, a lot of people could have done it."

Another early arrival was Michael Cole, manager of the Vietnam Investment Review. an Australian-funded joint-venture newspaper devoted to business matters. A Vietnamese speaker, Mr. Cole worked for a U.S. government program processing Vietnamese applications to emigrate to America before winding up in Hanoi.

The reason I'm here is I'm in an excellent market position," Mr. Cole said. "Tm not getting rich, but this is a frontier area, and I've staked out a good claim."

Life for American businessmen here became distinctly easier Dec. 14, when President George Bush, taking note of progress on questions related to the search for servicemen missing in action, relaxed the embargo significantly. American companies can now sign leases and open representative offices in Viet-nam and hire local staff. They also can negotiate and sign contracts with Vietnamese companies, which will then take force when the embargo is lifted.

So far, only two major U.S. companies have taken the phinge. Bank of America received permission from the U.S. administration and the Vietnamese government to open a representative office in Hanoi. While a celebration was held in April, the office has yet to open its doors.

The other U.S. company to set up an operation here is General Electric Co. It hired Andre Sauvageot, a former Green Beret more recently seen as the official translator on American government missions to Hanoi, to head up its Vietnamese operations.

Mr. Sanvageot, who works from his bedroom at a guest house belonging to the Viet-namese Army, said be is under orders from his headquarters not to talk publicly about GE plans in Vietnam.

The company makes jet-aircraft engines and power-plant equipment, which will both be in great demand when the embargo is lifted. It also manufactures high-tech medical equipment that can now be sold legally to Vietnam; under provisions of the embargo, the transfer of medical supplies, as a humanitarian matter, is allowed

Many other U.S. corporations have appointed senior executives to be in charge of their Vietnamese business from their bases in Hong Kong or Bangkok. Pepsico Inc. signed an agreement last month with a bottling com-pany based in Ho Chi Minh City, formerly aigon, to begin marketing Pepsi as soon as the embargo is lifted.

Vietnam's State Committee for Coordination & Investment reported that foreign com-panies, led by Taiwan and Hong Kong com-panies, had invested \$5.2 billion in the country since free-market economic reforms were adopted in 1986.

With a population of 67.7 million, Vietnam is seen by many as a vast, untapped market, though the \$200 annual per capita income suggests that it will be many years before the country can afford many luxuries.

A study by Ogilvy & Mather, the U.S. advertising agency, found that, after nearly two decades of isolation, Vietnamese still are fond of many American brands. Zest soap is still popular. Coca-Cola, smuggled in from

Singapore, is in virtually every restaurant.
"I think the survey reflected a residual brand awareness from before 1975," said John Englehart, Ogilvy & Mather's general manager in Bangkok. "There is a sustained perception that American equals quality and reliability."

# **China Raises Rates** To Stem Inflation

BELJING - China's central bank announced Friday an increase in interest rates to cool off mounting inflation that could threaten the country's fast-paced

economic development Economists have been urging the People's Bank of China to make such a move for months to stem steadily worsening inflation. China's retail price index rose 8.6 percent in the first quarter, but inflation in major cities was nearly twice as high.

The government acknowledges that easy credit, although it has helped fuel China's impressive eco-nomic growth rate, has also caused prices to rise, first in production materials and later in consumer

Soaring prices in 1988 helped promote the pro-democracy protests the following year that were violent-ly suppressed by the government.

Lin Tao, an economics analyst with the central bank's Financial Research Institution, was quoted by Xinhua news agency as saying, The present interest-rate rise is timely since it will dispel the public fear of inflation and will restore

Bot the modest size of the increases make it unclear how effective they will be holding the line on

inflation. Western economists who live in interest-rate-sensitive societies may get very exited by this move," a Western analyst said, "but in China it is not at all significant. It is just a from 11 percent.

Rates on bank loans will increase only an average 0.82 of a percentage point so as not to cripple state-owned enterprises, which rely on such loans to operate, Xinhua said. swelled far beyond the state plan, Xinhua said the government "does not want to apply the brakes on the economy by drastically increasing interest rates."

Under market-opening reforms by Deng Xiaopeng, China's senior leader, the economy grew nearly 12.8 percent last year, and it is widely expected to surpass the gov-ernment target of 8 percent this

Many Chinese have been taking their money out of bank savings. where interest rates ranging from just 2.7 percent to 6.9 percent have oot kept up with inflation. Those withdrawals can create additional inflationary pressure.

Xinhua said residents' bank savings were down 4.48 billion yuan (\$785 million) in March from the previous month.

The central bank said interest rates on total bank deposits would increase by an average 1.19 percentage points; rates for private and institutional fixed-term bank savings will rise by 2.18 percentage points to an average 9.07 percent, Xinhua said.

All the rate changes take effect

The Ministry of Finance announced that rates would also rise on state Treasury bonds issued this year. Interest on three-year bonds will go to 12.52 percent from 10 percent, and rates for five-year bonds will increase to 14.06 percent

An official Chinese newspaper took the unusual step last month of publishing a commentary urging higher interest rates, declaring, "It's in everyooe's interests that rates should rise." (AP, Reuters)

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### **Very briefly:**

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• The Japanese cabinet approved a draft plan for 2.22 trillion yen (\$19.9 billion) in additional spending for the year ending in March 1994, officials said. The draft includes some of the measures drawn up recently by the government in its 13.2 trillion yen economic-stimulus package.

• Taiwan's biggest textile company took its first step toward investing in mainland China, as shareholders at an annual meeting of Far Eastern Textile Co. authorized spending as much as 2.2 billion Taiwan dollars (\$85.7 million).

 Tsann Knen Enterprise Co. Xiamen, a Taiwan-owned appliance maker, will list its shares on the Shenzhen stock exchange. The parent company, Tsann Kuen Enterprise Co., said it was believed to be the first 100 percent Taiwanese-held concern to be listed in China.

■ Australia & New Zealand Bank's first-half profit rose 26 percent to 170.3 million Australian dollars (\$119.2 million). The figure for the six months ended March 31 was at the higher end of the range of analysts' forecasts. · Japan's Ministry of International Trade and Industry will monitor prices of Japanese-made machine tools for the American market to try to prevent disputes with U.S. machine makers after a voluntary restraint

agreement expires at the end of 1993. • Thai Airways International reported a 14 percent decline in first-quarter profit, to 450 million baht (\$17.9 million). Meanwhile, Bangkok Bank, Thailand's largest commercial bank, said its first-quarter profit had risen

· New Zealand's jobless rate as measured by its main indicator, the household labor force survey, fell to 9.8 percent in the first quarter from 10.1 percent in the fourth quarter of 1992.

AFX, Reuters, Bloomberg

# India Executives Face Kidnapping Wave

NEW DELHI - Somewhere in the remote tea-growing region of northeast India, local political extremists are believed to be holding Bolin Bordolia, a prominent business executive who was abducted on April 8 near his New

Delin-based company, Tata Tea.
The kidnappers demanded ransom of 150 million rapees (\$4.8 million). Earlier this year, another executive at a rival tea company died of a heart attack in captivity after being abducted.

Tata Tea issued a statement Thorsday refesing to meet the ransom demand, for fear that the kidnappers, linked to a local political group called Bodo, would use the money to buy arms

and pursue their independence movement.

Mr. Bordolia's 99-year-old mother staged a
one-day hunger strike in an effort to persuade the company to change course and negotistic with the Bodo group.

Such drames are being played out over and over again in India today. A rash of kidneg-

pings in recent meants has set off slams believishin the business community and significantly boosted the cost of doing business in lindia.

The country's myriad political factions and criminal gauge have found kidusoping executives a lucrative enterprise. And the number of well-publicized — and successful — kidusopings may be contributing to the growing trend.

see a surge in business

"We are being flooded with calls for armed escorts," said Rajinder Pal Soni, manager of Globe Detective Agency in New Delhi. "I get one or two calls every day, but there is a great shortage of sems."

In March, two businessmen in New Delhi were kidnapped. They were later released after their companies paid off their captors.

Life also has become perilous in the New Okhla Industrial Development Area, just outside the capital. More than a dozen local busimessmen have been abducted there during the past year. Real estate prices within the industrial development zone have fallen sharply.

While political violence has been a routine feature in India, violence directed at the nasiness chies was not a big problem until about two years ago.

"Big businessmen with a lot of money have

Tight government controls on arms has been And in some cases, police have had trouble

Security firms in the capital are starting to gaining the cooperation of businessmen when trying to hunt down their captors.

On March 10, Mukesh Jain, managing director of Pashupati Acrylon Ltd., was kidnapped from his home in New Delhi. The armed kidnappers killed his driver. Eleven days later, Mr. Jain was freed in northeastern India. After flying to New Delhi, he went into seclusion. fusing to discuss the case with the police.

In the remote tea estates of Assam in northeastern India, kidnappers have targeted executives working on the huge tea plantations. In April 1990, local extremists killed Surrendra Pal, chairman of the Assam Frontier

Group, a tea production company. A few months later, extremists called a meeting of tea executives and demanded protection money. The executives refused. Since then, there has been repeated violence

and a steady stream of kidnappings. Once considered one of the coveted jobs in Indian business, working for one of the region's tea companies has become quite dangerous.

"The attraction of working in a tea garden has gone down," said a senior executive of one the biggest tea auction houses in Calcutta.

The government is planning to set up a special security force to patrol the tea-producing region. Until then, executives there will be looking over their shoulders.

# Daiwa Fraud Scandal Looks Likely to Grow

TOKYO - A fraud scandal involving former and current employees of Daiwa Securities Co. Japan's second-largest brokerage, showed signs of growing Friday in a fresh blow to the tarnished reputation of the country's securities industry.

Police searched a Daiwa Securities branch in the western city of Nagova, a day after a former manager and a current employee were arrested in suburban Tokyo on suspicion of fraud.

The two were detained on susties worth about 2 billion yen (\$17.9 million) deposited at the

The financial daily Nihoo Keizai Shimbun said the two

up private investment losses and manipulated computer records to hide what they had done.

Japanese press reports said the total amount of the fraud could reach about 25 billion yen since client securities deposited at several Daiwa branches, including in Nagova and in the southern Tokyo suburb of Oh-

mori, had been used. Asahi Shimbun said a former manager of the Ohmori branch and several other Daiwa employees had helped the pair.

Investors can deposit securities with brokerages for convenience and to avoid theft, bu brokerages are prohibited from using them for trading.

A spokesman for Daiwa said the company was not responsi-

### Exxon, Jakarta Near Pact

JAKARTA - A major concession by Indonesia in negotiations with the U.S. oil giant Exxon Corp. has brought closer a deal on a \$40 billion natural-gas project in the South China Sea that could be one of the world's largest.

oesia's state oil company, said the government had agreed to give Exxon a bigger share of the gas than it oormally allows. The share of gas - estimated at 150 trillion cubic feet (4.2 trillion cubic meters) had been a sticking point in a deal

that had almost been concluded.

Under normal contracts with Pertamina, the contractor receives only 30 percent of the gas, Gustaaf Nayaon, Pertamina's exploration director, said that the split with Exxon was not the nominal 70-30 but gave no precise figure.

The cost of developing the gas is expected to be high because about

tor-general of oil and gas at the Energy Ministry, said, "The cost of investment is about \$17.5 billion based oo 1992 calculations. But to include operating costs, it could reach \$40 billion."

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### FIRST COLUMN

# Contrarian's Praise of **Pessimism**

HERE is a general air of pessimism ahout. Markets are sluggish, dealers are depressed, trade is most often directionless: Good.
Why good? Because pessimism, the

blacker the better, is a superh market indicator. And it is almost invariably positive.

The things to worry about are occasional, isolated pockets of optimism. For example, the note that investment firm Morgan Stanley was putting out this week calling for a rise in the Japanese market gives cause for concern. Morgan Stanley may be right just now: the Tokyo exchange may indeed be on the up. But it won't be when everyone agrees with the Morgan Stanley view.

The notion of the investor as suicidal manic depressive is not quite so quaint as it sounds. While most financial analysts would not recognize the inspirational genius they seek if it came and struck them in the face with a soggy share certificate, sheer perversi-ty is often a good substitute.

For example, where are the best property huys right now? This column's guess is oot the developed Western or Asian countries, but the world's politically troubled and ecooomically unstable areas.

The genius buys are apartments in Moscow, office blocks in Bucharest, stress in Ho Chi Minh City. After all, how long is it since the western part of the United States was lawless and fraught with political and ecooomic risk?

For the contrarian, the only really com-fortable feeling is acute discomfort. After all, the opposite feeling, that of financial cuphoria, gave us the appalling idiocies of tulipo-mania. People mortgaged their houses in 17h-century Holland to speculate in the market in tulip bulbs, Seriously. And then there was the South Sea Bubhle, the hlack pepper run, the Hunt brothers cornering the market

The list is not endless, hat it is long. The common denominator is the feel-good factor that investors had when committing their life savings into a highly speculative venture. So perhaps the most prudent action today is to go out and invest a small amount of money in a depressed, uninteresting market. Be bored. That way you'll be happy.

# Testing the Mettle of Gold Bulls

By Rupert Bruce

FTER 13 long years in a bear market, gold bugs have something to do at last. The gold price has picked up from its recent floor of \$325 an ounce and was trading around the \$367 level at the end of this week. Hot money from around the world has shifted inm the metal and there are many cries of a new hull

Whether this is another false dawn for gold or not, this year's price history has certainly been impressive enough. Bullion started in climh in early March, but it received a spectacular boost in the last week of April, when George Soros, the speculator who has been walking on water since he successfully bet against the pound remaining in the exchange-rate mechanism last September, announced he had agreed in buy a \$400 millioo stake in Newmont Mining, the

Denver-based gold-mining company.

However, while mooey floods inin gold.

opinion is divided as to whether there is any fundamental justification for a new hull market, or whether this is just a short-term rally largely fueled by Mr. Soros's manipu-lating the market. Others say that private investor interest must be a sell signal; it has proved to be in the past.

The classic bull case is presented by Robert Weinberg, a gold analyst at Societé Genérale Strauss Turnbull in London. His view rests on a growing imbalance between annual production and demand. He estimates that a little under 2,000 tons of gold was mined in the world last year. But de-mand for gold for jewelry and industrial purposes was 2,800 tons, while at least another 280 tons was hoarded in bars. That

leaves a shortfall of almost 1,000 tons. Traditionally, this gap has been filled by central bank sales from reserves and hy the gold producers' use of a sophisticated price-fixing technique called "selling forward." But Mr. Weinberg contends that as the world comes out of recession, demand for gold should grow stronger, the supply/de-mand gap should widen, and the price

Another gold bull is Julian Baring, manager of the Mercury Gold & General, a British unit trust (mutual fund). His faith in the gold price is so strong that he is launching an offshore version of his gold fund this month. He agrees with the supply/demand argument and adds that now that the price is rising, central banks will hold back from

selling, preferring to wait for the price to rise further, and the producers will close their

"forward" positions.

Mr. Baring believes that the gold price will make up a lot of its lost ground. "The pendulum of investment opinion always swings too far, and when it starts in swing back in the opposite direction, people are astonished, but actually, when we have swung a huge distance, the swing back is a huge distance, the swing back is a huge distance, too," he said.

THER bull arguments center on strong and steady huying from the prospering Chinese, who have their own cultural and investment reasons in buy the metal, and the specter of rising inflation in the United States. When inflation rises, so, traditionally, does the

Some bulls evoke the conditions of the late 1970s, when the Iranian Revolution, the invasion of Afghanistan and a looming oil price spike combined with the Cold War standoff in make gold attractive as a safe haven and sent the price rocketing. Today, they point to struggling Russia and suggest that Mr. Soros has bought gold shares because he thinks the country is about to collanse into anarchy.

But not all gold followers are so sanguine. One analyst, who did not want to be named, speculated as to whether the recent froth was consciously whisked up by Mr. Soros:
"There have been persistent rumors in the bond market that he has a big short position. By advertising the fact that he had taken a stake in a gold-mining company, he was likely to push up gold prices, raise fears of inflation, and push bond prices down."

Andy Smith, a gold analyst at Union Bank of Switzerland in London, strikes a note of cantion. He worries that there are so many gold options contracts open now - 167,000 gold options contracts open now — 107,000 recently on the New York Commodity Exchange — that price weakness might lead in a rush for the exit and consequently a big fall. In addition, he is concerned the producers might start fixing their prices again if prices weaken, which would accentuate any slide. Private investors who decide that despite

the uncertainty they want in huy exposure in gold can do so in three ways: They can huy shares in gold-mining companies or the mu-tual funds that invest in them; they can buy an option on the gold price; or they can buy the metal itself in the form of coins or bars. Mr. Baring advises investors who want to

buy a gold fund to choose one that invests in the mining companies of South Africa and Australia, rather than those of the United States. The former, be says, are much cheap-er than the latter and will perform much more strongly in a rising gold market. Options on the gold price, which give the buyer the right to buy or sell gold at a fixed

price within a certain period, are available through stockhrokers or specialist brokers, while the physical metal itself can be bought through banks and bullion dealers.

But private investors would be wise in remember that the gold market is a volatile one, and it is far from certain that its direc-



### BRIEFCASE

### Laurentian Relaunch Gives **Discount to New Investors**

Laurentian Fund Management, a U.K. mutual fund group, has changed the mangement team on four of its funds, and is offering new investors a 1 percent discount against charges as the instruments are re-launched. The discount applies through May

The born-again Laurentian Recovery, European, American and Japanese Trusts are now managed by the firm's own team, and have a wider investment scope. They had previously been restricted to investing in "undervalued assets" in their respective mar-

"It made perfect sense to bring the management of these trusts in-house and, at the same time, broaden the investment strategy to give the managers the same flexibility on stock selection as they currently enjoy on our other trusts and funds," said John Sherrif, managing director of Laurentian Fund Man-

The U.K. firm is part of the Laurentian financial group, which has interest in Canada, the United States, the Bahamas and Hong Kong. The group has assets of \$12.4 billion worldwide.

### U.S. Fund Managers Show Interest in Chinese Shares

The Chinese may not be renowned for their provess at ice hockey (standard joke; a fight where occasionally a game breaks out, but they are displaying the right kind of attitude when it comes to share dealing. Reports of street fights as Chinese investors scramble for shares quoted on the two do-mestic stock exchanges, Shenzhen and Shanghai, are commonplace.

As yet, foreign investors, who are restrict ed to huying a different class of share in Chinese companies, have failed to show

quite the same enthusiasm. This past week, however, despite a mixed performance from internationally investable shares, market ob-servers were saying that U.S. fund managers were beginning to show an interest.

U.S. institutional investors have been permitted to invest in the Chinese market for less than a month, and have so far been decidedly cautions about entering the fray. The index of "B" shares was trading around the 108 level this week, having been as high as the 177 mark earlier in the year.

We will let you know when trading breaks

### Unit Investment Trusts Lead U.S. Mutual Fund Industry

dia's Stock

Unit investment trusts, investment com-panies that purchase fixed portfolios of stocks or bonds, constituted the most dynamic sector of the U.S. mutual fund industry in March. Total sales came to \$811.5 million, making a toal of \$2.46 billion invested so far this year, according to the Invest-ment Company Institute (ICI), the Washing-ton-based U.S. mutual fund industry

representative body.

Total market value of outstanding unit trusts is \$97.9 billion, according to ICI fig-

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# Which way are the Markets Moving?

THE EXPERTS FROM AROUND THE WORLD DEBATE THE TRENDS

JUNE 9 & 10, 1993

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THE POLITICAL DIMENSION Dangers And Opportunities In The World Disorde Anthony Sampson, Journalist and International Writer

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THE PENSION FUND PERSPECTIVE Peter Dencik, Deputy Executive Director, P K A Pension Funds. Copenhagen

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Patrick Dempsey, Managing Director, Dempsey & Co. Inter-

Gordon Johns, Managing Director, Kemper Investment Man-Gary Kreps, Chief Investment Officer, Global Fixed Income. G T., San Francisco

THE CURRENCY SESSION

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Lawrence Hite, Managing Director and Founding Partner, Mini Investment Management, New Jersey

Andrew Hornig, Head of the Strategy and Currency Group. Ross Jackson, Founder and Chief Executive, Galacorp, Den-

THE EQUITY SESSION

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Ranjan Pal, Director and Regional Economist, Jardine Fleming Broking Ltd . Hong Kong

Henry Thornton, Investment Director. Credit Lyonnais Internalional Asset Management, Hong Kong

Audley Twiston Davies, Managing Director, Latin American Beat Wittmann, Head of European Equities. U.B.S Assel

Management, Zunch The equity session will also be addressed by a major U.S. lund

**LUNCHEON ADDRESS** 

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### THE MONEY REPORT

# India's Stocks Stumble on Deregulation

NDIA'S Bombay Index, which was unscathed by the worldwide stock market crash in October 1987, last week plunged to its lowest level for a year. The index dipped below its beachmark level of 2,000 before nailying to around 2,100 when the government-owned Unit Trust of india began heavily buying stock.

This latest in a series of financial

worries has cast actions doubt over India's role as a incrative emerging market. Last year, investment mangers had good reason to favor India when the government of P.V. Maratimha Rao launched a pro-gram of economic reform. Several aws holding back the growth of a free market economy were swept ande and india seemed poised to make its mark on the world stage.
Mr. Rao's new industrial policy,

interested in April 1992, made it easies to establish certain types of tiness in India by stream the country's restrictive licensing system. These changes, plus a range of measures designed to attract foreign investors, pushed up share prices by 200 percent.

Part of the country's attraction was that much of the groundwork for a free market had already been done. The Bombay stock exchange lates to 1887 and, since 1980, the number of shareholders has risen from two million to around 15 mil-

The current downturn in share prices has done little to shake the ith of most analysts. Vined Sethi. vice president of Morgan Stanley in New York, says the sharp fall New York, says the sharp fall was part of a much-needed correction.
The market had a very good three-year tun when it grew by roughly 25 percent annually," he said. "A space of primary issues also hit the market this year, worth around \$5 billion, which did a lot to dampen sentiment. The correction wasn't as dramatic as it appears. There had been a steady downward tread over should be viewed in a positive way, a one-and-a-half-month period, the said. "India has learned the les
dramatic as it appears. There had the industry around \$1.2 billion, million population is still extremely over the same period, the Standar poor, the middle class has expandar average 11.5 percent each year.



which was exaggerated during the

number of blue-chip shares were overvalued because of the government support they emoyed before last year's reforms. Their fall was mevitable once the market was de-

Sanjit Tahıkdar, an economist with Foreign & Colonial in London, agrees that India's stock market crisis was a painful but necessary step toward a free market economy and urges investors not to be put off by India's apparent instability. Even last year's luge stock market swindle, which cost the industry around \$1.2 billion,

son sooner rather than later that deregulation is not simply a matter He added that before the slide a of sweeping away all the old rules. Ironically, it also requires a certain amount of new regulation. With that process now under way, the Indian market is bound to become much more stable."

> He also believes the momentum for reform will continue even if the Rao government is ousted. "The pressure for change is very deep-rooted and no government is likely to ignore it," he said.

Mr. Talukdar's argument is borne out by the way Indian socicty has aftered during the last 10 years. Although most of its 850

lieves this sector will demand yet more economic progress. "The latest budget contained several reforms even though it was presented

> But while India may have overcome the worst of its problems, it more mature. He said: "Venezuela provides a reminder of the risks is one market which has begun to

percent for each of the last 50 years. Over the same period, the Standard

What these figures do not show is the short-term volatility of individual emerging markets, which frequently polarize at the top and bottom of performance tables. The Mexican stock market, for example, fell by 20 percent in 1982 and then rose by an incredible 150 percent the following year. Even the most expert fund managers find it hard to time buying and selling in markets as volatile as that.

Alan Pendleton, the director of emerging markets for Citybank in London, points out that volatility is only part of the problem. "In some markets it can be nearly impossible to get the information you need," he said. "Some companies are structured so they can use transfer pricing as a way of artificially inflating their profits. And foreign managers often receive informa-tion a long time after it is released locally. Even then, it can be inaccu-

He quotes recent examples, including a flood of forged share cer-tificates in Thailand and loans made to companies in Indonesia against fictitious profits.

But he added that investors are relaxed about the risks involved and that the number of emerging market funds is still growing. With OECD economies struggling to grow at more than 4 percent a year, emerging economies are bound to be attractive. Rodger Scullion, a director with Murray Johnson in on a knife-edge of instability," he London, points out that several emerging markets are beginning to slow as their economies become attached to emerging markets in- show signs of maturity and its anmual growth rate is slowing. But Many investors are understand- markets that have slowed to 7 perably attracted by the high yields cent still look good compared with often achieved by emerging market funds. Figures from Morgan Stanley Capital International show they have returned an average of 18.5 the real trick is to spot the next emerging economy before it happens. Vietnam is the latest to stir interest even though it will be some & Poor 500 index has achieved an time before it aspires to emerging

# **Best Performing Mutual Funds** SANGET CHROME (URDER THOSE EMPRICE) SANGET, SERVER, CONTROL OF THE CONTROL OF THE

Italy's Woes Not So Bad For Investors

International Herald Tribune HIS week's news on the Italian economy does not make for encouraging reading. The Bank of Ita-ly's new governor, Antonio Fazio, said lower interest rates were not enough to end the country's economic crisis, and added that the massive budget deficit remained Italy's single greatest problem.
Meanwhile, Thursday's meeting of the EC monetary committee discussed the Italian question even though it was not scheduled to be on the agenda. How investors must have suffered, you might think.

How wrong you would be. Over the month to the beginning of May, Italian bond investors would have recouped a handsome 9.67 percent. according to figures from Kemper Investment Management, the London arm of the eponymous U.S.

fund management group.

That percentage is calculated in dollar terms, and much of the gain was achieved through the spectacu-lar surge of the Italian lira against the dollar. This month the lira has fallen back against the U.S. currency as Italian rates eased. But offsetting that reversal, the Italian bond market has rallied as interest rates have fallen. The moral seems to be that even in the worst economic storms there is often a still, profitable financial center,

The worst places to be over the month, according to Kemper, were Canada and Spain, Dollar-oriented investors would have seen a nega-tive return of 0.26 and 0.38 percent, respectively. Once again, much of the move is attributed to the bond markets' sensitivity to short-term currency gyrations.

In local currency terms, the worst bond market was in Britain. where investors were concerned over gloomy inflation calls and worries on the supply side.

# As Germany Enters Economic Tunnel, Japan May Be Seeing the Light

Members of a newly selected panel of experts in economics and investment offer their opinions on the world's major economies, currencies and financial markets.



Howard Flight, director, Guinness Flight Management

otiation

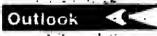
It is now becoming clear that the economic effects of German remification are "off the scale" on the negative side of the originally per-ceived range of possibilities. The demand pressure created by the massive subsidy to Eastern Germany's 16 million citizens has led the Bundesbank to raise real and nounnal interest rates to check rising inflation. This has caused a severe recession in the West German economy, which is now expected to decline 2 percent this year. This, in turn, has led to delay or cancellation of plans for corporate invest-ment and business development in Eastern Germany. The failure of the East German economy to start pick up is putting more pressure on government sponding and the fiscal deficit. Higher taxes and the interest rate squeeze on West German consumers have caused trade unions to fight against a reduction in their members' living standards. This, combined with Germany's restrictive and socialist labor laws, is now making the German labor force increasingly overpriced and incompetitive in both a European and an interpational context. In Ahort, Germany is experiencing a regative, vicious comocuic cycle, which requires economic recovery n Eastern Germany if it is to be eversed. In the meantime, uncomoctions wage costs and strikes are

Arguably, the economic priority rom the outset should have been he successful regeneration of the ast German economy, even at the rice of an uncomfortably high levl of German inflation for four or

stverely damaging Eastern Germa-

ive vests. Now, however, the prospects for astern Germany, and for Germaly as a whole, are starting to be hreatened by competitive consom-: progress in the East European tates on Germany's borders, where wage rates are as little as a 0th of those in Eastern Germany. Recent GATT figures have shown 20 percent increase in East Eurocan exports to Wastern Enrope in 992, likely so grow considerably aster this year, in Eastern Germaly, the population ergoys West jerman subsidies approaching 2,000 Deutsche marks (\$7,500) er citizen per annum, éceting ome 200 billion maris à year, and bey are pressing for equal or near
onal pay with West Germany.

In the states of Eastern Enrope
te educational background is as



good as in Pastern Germany, but the people are hungry for work and for an improvement in their very low long standards. As a result, the lighter to get Pasters Germany going spickly looks like causing a prolonged problem for required

"Houseonic decline is mercasing West Jegisian unemployment by 38,000 to 78,000 per month, white there is and some 500,000 "chair Germany cach year from the cast, attracted by the generous wel-

With economic contraction occurring in Western Germany, which now has also to support Eastern Germany, German in rates desperately need to fall substantially, by at least 3 percent. Germany will have to run greater risks than the Bundesbank would wish with inflation, but the alternatives are worse.

Once the prop of high short-term interest rates goes, however, there seems little reason why either the mark or, in due course, the German bond market should enjoy premium ratings for much longer.

Between now and the end of the decade, France and Britain are likely to have faster growth and lower inflation than Germany, fewer political problems and stronger

S economic contraction and the falling inflation figures force the Bundesbank's hand in cotting interest rates over the rest of the year — they need to decline to 5 percent — it is difficult not to nicipate a significant weakening of the mark against the dollar, per-ticularly as this is likely to coincide with dollar market rates, if not offi-cial rates, firming. With Germany and the mark losing their historic postwar attractions in a global context as well as a European context, there is, then, the threat of significant capital outflows from the mark, thus reinforcing its weakness. The reversal of some or all of the 180 billion marks of capital inflows into mark-denominated bonds over the last 18 months. while Germany continues to have a major deficit funding requirement, is also likely to hasten a downward re-rating of mark bonds in comparison with other European bond

The German political system has worked well, largely because of last 45 years. It is difficult to see it coping with the insoluble German economic problems of this decade. I believe most Germans and many others have not yet perceived the prolonged gravity of the economic problems Germany is facing, which secame apparent a year ago and which, I suggest, have been seriously aggravated over the last two years by misplaced Bundesbank policy. Any cyclical pickup in in-ternational demand for German machine tools is unlikely to be suf-ficient to sustain wider German re-



Anna Tong, director, Actna Investment Management (Hong Kong) Ltd.

The key to the relative performance of international funds over the last three years has been a sig-nificant underweighting of the much maligned Japanese stock market. The bursting of the bubble economy and resultant tumbling of hies was long predicted by many international investors. There was many a smug manager who continued to underweight this market at the beginning of 1993, in the belief that the market was overvalued, the yen would depreciate and a fallout in the financial sector was all but a foregone conclusion. My, what a difference a quarter

At the close of the first quarter, dollar investors had seen a 18.9 percent return, 9.5 percent in yeu terms, in the Tokyo First Section Index. By the end of April, the market had returned 38.9 percent in dollar terms, nearly 24 percent in yen terms. Performance for all other major markets simply paled by comparison. Investment managers can no longer afford to be complacent about their underexposure in the Japanese stock market. The question for any investor is why did this happen and is this finally the

light at the end of the tunnel, or an oncoming train?
The debate surrounding the Japanese market is most often based on relative valuations: How can any market trade on a price-tocarnings ratio of 70 times? A disnarrow as accounting minutiae, market's recent rebirth. Perhaps rally is to focus on four interrelated issues: interest rates, government stimulus strategy, earnings growth and investor confidence.

Falling interest rates are beginworked well, largely because of ning to make Japanese equities ap-Germany's economic success in the pear attractive, especially since the covery or to be of much help to the and the 10-year bond yield, at 3.9 Meanwhile, foreign fund managpercent, are remarkably similar. ers who have been underweight in The valuation of the market then Japan suffered the double whamnive) leveraged buy-out that resive) leveraged buy-out that resive) leveraged buy-out that resive) leveraged buy-out that resive) leveraged buy-out that resives were four times book values, and price in cash flow was a multisive political (and highly expensive) leveraged buy-out that resives were four times book values, and price in cash flow was a multisive political (and highly expensive) leveraged buy-out that resives with inflation.

to argue that the heady days of cumstances, the Nikkei should asset inflation and enormous li-trade as high as 25,000 over the period is irrelevant. Such detracthe fact that the Japanese governengineer a recovery in the market and the economy.

an economic recovery. Stimulus packages worth \$200 billion have been announced in the last seven months. Last year, the government also changed investment guidelines to make a further \$37 billion available through public pension funds in "price-keeping operations" to support the stock market. The first supplementary package, announced last August, triggered a 28 percent bounce in the market. investors' confidence has recovered markedly as NTT (the largest market-capitalized stock in the world owned by more than 1.7 million Japanese) has more than doubled and NEC, a direct beneficiary of the stimulus package, has risen by

The third factor that has contributed to the market recovery has porate earnings. Japanese earnings have plunged around 60 percent over the last three years as investment analysts continually revised downward their earnings forecasts. More recently, however, there is growing optimism that the bottom has been reached. Some investors see a substantial earnings recovery (40 percent or more) for the year ending March 1995.

impact on the bottom line. Where the Japanese market goes market had already declined 63 from here relates largely to the percent from its peak in December fourth key factor — investor senti-1989 to its trough in August 1992.
Without going into the complexities of dividend discount models, risk-free rates of return or yield nally brought the badly burned dodifferentials, the simple fact is that mestic investors back to the Japanese investors have seen a market. As Japanese institutional steady decline in rates of returns and private investors regain their for alternative investments as the confidence and lower the risk pregovernment began cutting the official discount rate from 6 percent in market, the enormous Japanese July 1991. Today the rate is 2.5 savings pool (by some estimates percent, the same as in May of twice gross national product) will 1987. The call rate, at 3.2 percent, come back into play.

toric P/E ratio is currently 47, price the risks of being out of the market to book 2.1, and price to cash flow are higher than the risks of being in 15.3. As such, it is not inconceiv- the market, they are anxiously able that the market's re-rating can looking to buy on any weakness, go further at this point in the interest rate and earnings cycle.

Some investors have continued ative to a positive. Under these cir-

quidity of the 1980s are gone and next 12 months, while the downside therefore any comparison with that should be limited to around 18,000. tors, however, should not overlook ment has the will and the means to Clearly, the government is prepared to do its utmost to stimulate

Christopher Kwiecinski, investment manager, Banque Indosuez, **Global Private Banking** Dollar-based investors with lowto-medium risk profiles and a 12month investment horizon should comain in the dollar-bloc financial nearly 70 percent. markets, particularly equities from

APANESE companies have suffered from many of the same problems that plagued American companies in terms of overcapacity, slow demand, a weak banking sector and declining real estate values. In addition, huge depreciation costs cussion of the Japanese valuation from aggressive capital investment levels quickly digresses to issues as made in the late 80s represent a broad as national character or as major burden on Japanese companeither of which fully explains the counterparts, Japanese corporathe most useful way to explain the retrenchments or large write-offs, but have in many cases undertaken unprecedented restructuring strategies. Margins in Japan are thinner than in the United States, so small changes can still have an important

man mark in early March as a re-sult of re-emergence of benign neglect advocates in Washington, the overmanagement of the yen/dollar rate and market disappointment with the pace of German interest rate reductions. Some are fearful that a combination of technical fac-FOR THE INVESTOR WHO WANTS TO DIVERSIFY HIS PORTFOLIO WITH A MANAGED CURRENCY FUND.

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selected developing countries along

with Japan and Australia. The same should be true for European

currency-based investors, who, in

addition, stand to benefit from cur-

rency play, thus making attractive

unhedged eash and bond positions, particularly for more conservative

portfolios. While precious metals

will continue to be influenced by

professionals and trading funds ac-

tors and a return to yield differen-icals favoring Europe will cause an investing in a broad index may extended dollar pullback, possibly prove less rewarding. The U.S. to the point of threatening its overall uptrend.

Such anxieties are likely to prove misplaced as the cyclically driven rise in the American currency will reassert itself in the year ahead, particularly against the European

survey's merits, dollar-friendly policy objective is to prevent a sharp backup in longer-term bond yields. A 7 percent yield on the long bond should prove high enough to attract investors on a three-month horizon but beyond that the bond market remains vulnerable to disappointment over the budget deficit reduction debate and inflation, where the best of cyclical improve-

In fact, a lot will depend on the bond market, which has priced in a lot of good news in recent months. First, the monetary policy, which was eased last September, is likely to remain on hold until the Federal Reserve feels compelled to act to reassure the unsettled bond market, probably not for another sever-al months. U.S. bond yields are most likely past their cyclical lows but a major turning point in this market is yet to occur. The moves back into the area of recent historical lows of 6.7 percent (for the long bond) provide an opportunity to take some profits and place them in Canadian government bonds,

which represent an attractive high-

processionals and traumg runds ac-tivity, private investors may find some opportunities, especially in Second, the U.S. equity markets in general will also be looking at the The expected dollar appreciation stalled at a rate of 1.67 to the Gerbond market, or the shape of the yield curve, for leadership. The financial market participants have taken low interest rates almost for granted, so a shift (a preemptive move is unlikely) toward tighter credit will amount to a rude awakening and may spell tougher times for bonds and stocks. On a 12month horizon, equities are pro-

MINIT

stock market is likely to remain in extended trading range as long as cash returns remain so unattractive. Market valuations are not expected to be seriously strained until the Fed begins to tighten in response to a decisive uptrend in bond yields. In the meantime, an astute investor will maintain a cau-Recent purchasing power parity astute investor will maintain a caustudies show the dollar to be between 30 and 50 percent underval- corrections to selectively increase ued against a range of major Euro- exposure to such improving sectors as capital goods and energy.

More speculative investors may conditions for long-term capital find it hard to resist the temptation flows are being put in place and of 20-to-25 percent projected rethis time Washington may find it turns on selected emerging stock more difficult to talk down the markets in Southeast Asia, Mexico American currency if its overriding and Australia, which should benefit from firming commodity prices. Even so, exposure to these smaller. more volatile markets should not become the main distraction in a private, even less risk-averse, portfolio. The recent price trend reversals in precious metals should reawaken the private investor interest in platinum mining shares, particularly for more speculative, tradingoriented portfolios.

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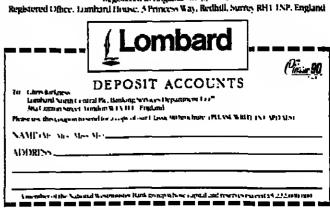
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# SPORTS BASEBALL

# Sampras, Courier Advance In Italy

Compiled by Our Staff From Dispatches ROME — Pete Sampras and Jim Courier, the No. 1 and No. 2 seeds. on Friday powered their way into the semifinals of the Italian Open. Sampras ripped through the unseeded Guillermo Pérez-Roldán of Argentina 6-0, 6-2 in just over an hour in a match interrupted twice

Jim Courier, the defending Italian champion, overpowered Sergi Bruguera, 6-3, 6-4, in 98 minutes. Bruguera, seeded seventh, had been expected to put up a tougher fight after winning 19 of his previous 22 matches on clay. But Courier, the No. 2 seed, never

lost his serve and broke the Spaniard twice - in the fourth game of the first set and the initial game of the second — to seal the match. The American has never lost a

set against Bruguera in their four career meetings Courier could not have been sharper, scoring from the baseline and on rushes to the net.
"I was ready for a tough match,"

he said afterward, "I came ont playing a little more insistent than the last couple of matches." In another quarterfinal, big-serv-ing Goran Ivanisevic downed un-

ded Marcelo Filippini of Uruguzy, 7-6 (7-4) 6-4. The No. 4 seed from Croatia has

been battling iojuries in past He said he entered the clay court classic initially not expecting to get through the second round "but I

think I'm playing great tennis on clay. I believe I can beat everybody and win this tournament.' Filippini, who ousted No. 5 seed Ivan Lendl in the first round,

lacked the extra weapons to combat the Croatian's serve, which was clocked at up to 190 kilometers an hour (114 miles per hour). Ivanisevic recorded only three aces, but his serve was so dominating that he won 30 of the 34 points

on which he got it in. The last of the quarterfinals in the \$1,750,000 tournament Friday was a night match between No. 6 Michael Chang and Andrei Ches-nokov of Russia, quarterfinal vic-

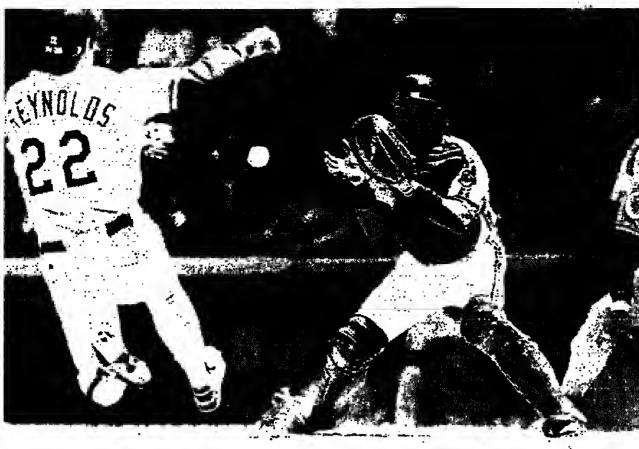
tor over Boris Becker. Courier was expansive after his quarterfinal victory, telling reporters that he now enjoyed playing in Europe instead of dreading it as he did when he was a first-year professional in 1988.

"Like any 17-year-old American I can't say I really liked it when I first came to Europe and was just looking for the simple American things," Courier said.

I was narrow-minded like most us and just wanted to be at home. Now I can see there are some things here that are better than in America and I look forward to certain aspects of coming over here and oot dreading it like I used to." Asked what he liked about Europe, Courier said: "The architect

ture, which we don't have in the States, and the lifestyle —you don't start eating until 10 P.M. in places

DENNIS THE MENACE



The Royals' Kevin McReynolds was tagged out by Indians' catcher Junior Ortiz in the third inning, but Kansas City won the game, 7-3.

# Brett Joins an Exclusive Club

He's Now One of Six With 300 Home Runs, 3,000 Hits

With his 300th home run, Kansas City's George Brett has joined a very select club indeed.

behind him," Royals manager Hal McRae said. "He's struggled some, and I think this is going to relax him. "Tim more excited about the way

very select club indeed. A sixth-inning homer was one of he swung the bat today than I am his three hits Thursday as the about 300 home runs. The records Royals beat the Cleveland Indians, will come if he goes out and swings 7-3. The veteran Brett, who turns 40 on Saturday, became one of only six players with at least 3,000 hits and 300 home runs, joining Hank Aaron, Stan Musial, Carl Yastrzemski, Willie Mays and Al Kaline. "I don't think it's any secret I've been struggling lately," said Brett, who is hitting .242. "Then I had a

walk my first at-bat, a hit in my second at-bat, a hit in my third atbat. You begin thinking, 'Gee, who's this impostor in my body?"
"It used to be I was used to etting three hits in a game. Now, they're few and far between."

Among the 3,000-300 players, only Brett and Masial also have 600 doubles and 100 triples. "Any time they mention your name in the same sentence with Stan Musial, it's quite an honor,"

Brett is now tied with Reggie "I'm glad the 300th home run is

Tom Werner of the San Diego

Padres, another committee mem-

ber, called the CBS offer a "13th-

Still, Steinbrenner has expressed

reservations about the deal and

clubs such as the Mets, Blue Jays

and Red Sox are believed to be

concerned over the regionalization

of prime-time games, a format that

could cut into their expansive local

club's stance, he said everybody

has to have husiness concerns about any deal so important. As to

Pilson said CBS acted after "sev-

"Yes, we did," he said, "And we

went ahead and made that to base-

cral of the clubs had contacted us

to ask if we had any ideas.

hour" move.

Jackson for 12th in career extrabase hits with 1.075.

the bat the way he's capable of

swinging the bat."
Hipolito Pichardo (3-1) spotted
the Indians a three-run lead in the

### AL ROUNDUP

first, but allowed only one hit over the next 6% mnings. He was re-placed by Bill Sampen in the eighth-following a brief bench-clearing brawl that began when Pichardo hit Albert Belle with a pitch.

Belle charged the mound be-

cause he thought Pichardo was re-taliating after Belle stid hard into shortstop Greg Gagne in the third inning. As the benches emptied, Belle swung several times at catcher Mike Macfarlace, who had dragged him down from behind.

Macfarlane had three hits in-

cluding a home run for the Royals, who scored at least one run in each inning from the second through the

## **More Homers** That Will Be **Remembered**

The Associated Press Kevin Mitchell and Larry Walker hit shots that people will talk

about for a long time. Mitchell hit two homers Thurs-Though Fred Wilpon, co-owner of the Mets, refused to state his day. One he put into the upper deck at Riverfront Stadium — a blast estimated to have traveled 458 feet (139.5 meters) — in Cincinnati's 7home victory over San Diego. Mitchell's home run brought a nod of approval from Cincinnati whether CBS is now an entry, Wil-pon would say only, "Everything is being considered."

### NL ROUNDUP

manager Tony Perez, himself one of only nine players to put one in the red seats. Perez hit the first, in Angust 1970, and did it again in 1975, Walker deposited one into the back row of the right-center field bleachers at Olympic Stadium, 450 feet from home plate, in Montreal's victory over the Florida Marlins.

Expos 5, Marlins 4: In Montreal, the Expos won when Mike Lansing scored from second on Marquis Grissom's single off Jim Corsi (0-1) with one out in the last of the nin

Three innings earlier, Walker had helped the Expos start a comeback from a 3-0 deficit when his arching blast landed in the last row of the 15-row bleachers that were installed at Olympic Stadium this season.

the Rockies' propensity for commit-ting errors and allowing too many late-inning runs was evident again. San Francisco scored four times in the ninth on one hit and three

metrors, wrapping up John Burkett's
NL-leading sixth victory.

Mets 4, Cardinals 0: In St. Louis,
New York salvaged the last game
of a three-game series, but won for
only the fourth time in 17 games.

only the fourth time in 17 games.

Matt Young (0-1) lasted 3% innings, allowing four runs on seven hits and four walks.

Yankees 4, Brewers 2: In New York, Jim Leyritz replaced the injured Don Mattingly in the fourth inning and hit a two-run single that keyed the Vankees four-run rally in the fifth.

Those four runs were enough for Jim Abbott (2-5), who pitched eight strong innings against Milwaukee.

Don Mattingly appareotly pulled a muscle in his lower left rib cage while swinging at a pitch. The injury put him on the 15-day distabled list.

In the ninth inning, Leyritz was in the middle of the action again, this time a brawl that almost spilled into the stands,

The Brewers' Kevin Reimer grounded back to relief pitcher steve Farr, who threw to Leyritz at first base for the final out and his seventh save. But Reimer grazed Leyritz on his way past the bag, and trouble followed

"He just hit me with an elbow." Leyritz said. "I wanted to know why he hit me. Basically, I think it was a frustration type thing." It The benches emptied and there was a lot of pushing, but no punch-

It took about five minutes to

clear the field. As the Brewers left the field, however, about 100 fans leaning on the third-base dugout got into shouting matches with the players, and security guards had to break up the arguments.

Bine Jays 6, Tigers 5: In Toron-to, Paul Molitor lined a two-out, two-run double in the bottom of the ninth to rally Toronto past De-

Molitor, who earlier hit a two-run homer, doubled off Bob Mac-Donald (3-1) after a walk and a hit

. The Blue Jays ended their fourgame losing streak and stopped Detroit's three-game wioolog

Joe Carter also homered for To-ronto, Rob Deer, Travis Fryman and Lou Whitaker homered for Detroit, which outscored the Blue Jays 25-15 in the first two games of the series. Tony Castillo (1-0) was the Dave Stewart, who missed the first five weeks of the season because of a torn flexor muscle in his

right forearm, made his debut for the Blue Jays. He gave up three hits with two walks and three strikeouts He left after 65 pitches, five more

than his pre-established limit. . Rangers 9, Athletics 5: In Oakland, Butch Davis homered and drove in three runs, leading Texas

over Oakland. Davis, a minor leaguer for most of his 13 years as a pro, hit his first homer in the majors since 1984. He the Rangers' season-high 18 hits. Texas took a 6-5 lead in the sev

enth when Ivan Rodriguez reaction third on a fly ball that center fielder Dave Henderson lost in the sun.

four-game series in Oakland.

# CBS Makes '13th Hour' Try to Keep TV Contract

By Claire Smith

New York Times Service ROSEMONT, Illinois — CBS, saying it was acting in part at the behest of some of major league baseball's owners, has tried to force a reopening of the bidding war to televise the sport starting in 1994.

At a meeting of the owners on Thursday, CBS announced it has offered baseball a guaranteed twoyear contract extension that would mean more money for the game than a proposed joint venture with ABC and NBC.

The owners had gathered with hopes of firming up their television future hy hashing out the ABC-NBC venture. But after the CBS counteroffer, the owners left this Chicago suburb without a definitive decision.

The CBS proposal offers to keep all league championship series games on national television, unlike the joint proposal that would

regionalize the telecasts, leaving markets designated for the National League series without the American League games.

The CBS bid, coming a week after the network dropped out of talks with baseball's TV committee, would provide the sport with an estimated annual guarantee of \$120 million in 1994 and 1995, a sharp drop from the average \$265 million it has paid since 1990 for a contract that ends after the season. The offer also includes a provision to split half of all advertising revenues above \$150 million.

Bud Selig, the interim commis-sioner, and his fellow owners on the TV committee all hut dismissed CBS's attempt to re-enter the fray. But the demeanor of some owners -most notably George Steinbren-

and that discussions would not tiooally televised day games only continue but would perhaps include other alternatives.

Saturday, plus the All-Star Game, all league championship games and "I feel better that there was no vote," Steinbrenner said after the

meeting. "We'll have time this way. It should be done right. That's the way to do husiness. Neal Pilson, the president of CBS Sports, showed up unanchib owners gathered to try to re-kindle the bidding that seemed to have ended with the special control of its own destiny," made it clear that the owners had the only

have ended with the announcement And he vowed to have a vote on the of the ABC-NBC deal Saturday. ABC-NBC venture soon, announcement Even as the owners finished their ing that Saturday the owners will four-and-a-half-hour meeting on the joint-venture scenario, Pilson tice needed to convene a meeting. stood in a hallway proposing a step back toward network exclusivity. of two years to continue with basi- prised. It's not very ethical." As for

that some big-market clubs were happy that no decision was made Thursday oo the ABC-NBC offer cally the same schedule that we the proposal, Giles all but distinct that some big-market clubs were have now," said Pilson, whose nethance the proposal, Giles all but distinct that call proposal that we have now, said Pilson, whose nethance the proposal, Giles all but distinct that calls for 16 nanot going back on our word."

Unlike Steinbrenner, Selig and

the members of the three-owner

televisioo committee seemed

stunned and perturbed by the 11th-

hour emergence of CBS. Selig, in-sisting that baseball was "seizing

all league champio the World Series.

Bill Giles of the Phillies, a mem-"We've made a guaranteed offer the CBS re-entry: "I'm a little sur-

be given the obligatory 10-day no-

Memories of 1980, and '64, Are Rekindled for Phils' Fans

nant and blew it.'

dread," said Mike Riley, 47, of Lancaster. He is confident of one thing, though "I believe they're going to be an awful lot of fun to watch."

### Philadelphia fans are noisy, and al-though they voice displeasure, Mulholiand said, "when you play good this city can get behind you probably like no other city." "The other night I had to walk the dog ed to boo the Phillies, the fans even

PHILADELPHIA - Jeff Wagner was ont walking the dog when he realized what had happened to him.

during the Phillies game, and I took the transistor radio with me," said the 29year-old resident of nearby Havertown. "I said I knew I'm in to Wagner said. "I have that fever and I don't

want to miss a pitch. It's fun again." Indeed. The Philadelphia Phillies have urged to the best record in basehall. And for fans like Wagner, who was interviewed at Veterans Stadium, it has all come back —those days of living and dving with the Phillies teams of the late 1970s and early '80s, the teams that chased pennants and even won the clob's only World Series. For

some, memories go farther back, to 1964, the year of the Big Collapse. With the Phillies off to their best-ever start at 24-8, things are going so well that, in a city where a football crowd once booed Santa Claus and have never hesitatcheered for lightning on Wednesday night. The city's fans have been noted for impa-

tience in the many recent lean years The Phillies have finished last in the NL East three of the past five years. Catcher Darren Daulton, who led the league in RBIs last year, said: "This town is hungry for a winner. It's been a long time. They're responding in a great way."
"I think the town's electric," he said.

"Everyone's talking Phils."
Pitcher Terry Mulholland knows. He was in the grocery store the day after Mariano Duncan's game-winning grand slam last Sunday, "All people were talking about, was Mariano's grand slam," he

Constructive or not, they're showing up in org numbers. Through 19 home dates last year, the Phillies' average attendance was 23,783 fans. They're averaging 30,073 through 19 appearances at Veterans Stadi-um this year.

Doug Prior of Newark, Delaware, walked up to a concession stand and bought a new Phillies cap to replace a cap he wore to the ballpark Thursday night.
"I'm very excited," he said, noting the Phillies' start has come with the likes of

Daulton and Leany Dykstra hitting below .250. "They're playing .700 ball and no-body's even bit their stride yet." As for many Phillies fans, pennant races are but a memory for him. "I was 29 years old when the Phillies won the World Series

in 1980," Prior said. And he remembers sitting through the '64 season, "when they clinched the pen-

They didn't actually chuch the pennant that year. They had a 61/2-game lead with 12 games left and managed to lose it. This year is a lot different: There are 41/2 months left in the season.

"A Phillies fan is always filled with

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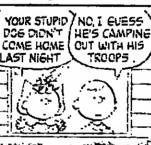
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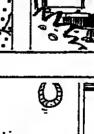
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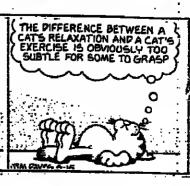
### REX MORGAN











# More distance

# SPORTS BASKETBALL

# Gretzky And Kings And a Milestone

Conference Final Will Be the First In Team History

Compiled by Our Staff From Dispatches INGLEWOOD, California - lt took Wayne Gretzky five years, but

he's finally got his Los Angeles
Kings where he wants them.
Gretzky, who built his scoring
legend while leading the Edmonton
Oilers to four Stanley Cups, had
never taken the Kings beyond the
second round of the playoffs since
he was traded here fire wares he was traded here five years ago. But on Thursday night, the Kings defeated the Vancouver Canucks, 5-3, to clinch their first Smythe Division playoff champi-onship as Grezky scored his 103d career playoff goal and had two

Gretzky is the leading scorer in these Stanley Cup playoffs with 23

### STANLEY CUP

points. And with 868 goals, he moved within one of Gordie Howe's record of combined goals in the regular season and playoffs.

"I can't tell you how important this hockey game was," Gretzky said, "We were pretty high and our play was a good indication of that."

The series victory wiped out years of frustration for the Kings.

Never in their 25-year history had they neached a Campbell Conference.

they reached a Campbell Conference final despite the long presence of the famed "Triple Crown Line" of Marcel Dionne, Charlie Simmer and Dave Taylor, who combined for 1,500 goals in their careers. Taylor is still with the Kings.

"It was a very physical series." Gretzky said. "We took a lot of big hits to make plays."
The Kings lost seven of nine reg-

ular-season games to the bigger, more physical Canneks. Vancouver finished first in the Smythe Division regular-season standings, and Los Angeles was third.
The Canneks became the third

regular-season division champion to go down in the playoffs, Previously, Chicago was eliminated in the Nor-ris and Boston in the Admis.

In Thursday's game, Occuricy's unassisted goal gave Los Angeles a. 5-2 lead at 8:54 of the found period. at the blue line and Greicky took off to beat two Causeks.

Before that, Los Angeles had broken the game open with three straight goals late in the second period for a 4-2 advantage.

Two of the goals, from Jari Karri and Tomas Sandstrom, came on power plays 17 seconds apart.

Bines 2, Maple Leafs 1: In St. Louis, the Blues bear Toronto to force a decisive Game Seven in their Norris Division champion-

ship series.
Jeff Brown scored at 8:14 of the third period to snap a I-I tie and Curtis Joseph was unshakable in goal, stopping 40 shots, to send the series back to Toronto on Saturday

The decisive goal came on the power play. Nelson Emerson took a shot from the blue line that doflected off the body of Brown, and the puck trickled into the net to

give the Blues a 2-1 lead. The Blues tied the score at 1-1 in the third period when Dave Lowry took a cross-ice pass from Brett Hull and lifted the puck past Felix Potvin's short side at 3:33 of the (AP, Reiners)

from lans and players.

Tottenham Supporters

Blast Chief's Dismissal

LONDON -- Terry Venables, one of the best known figures in

British soccer, was fired as chief executive of Tottenham Hotspur in

a boardroom battle on Friday, triggering expressions of outrage

Totlenham's owner, the computer tycoon Alan Sugar, over the running of the north London football club's commercial businesses.

The club announced that Venables's contract as chief executive

was terminated at a special meeting of the board called by Sugar.
Sugar said: Whilst I have control of the company, it will never

have any financial problems and I confirm that such financial

"I have never intervened in any matters to do with the playing

Venables said he was consulting lawyers.

Tottenham Hotspur PLC, one of the few British soccer clubs with

a Stock Exchange listing, posted pretax profit of £3.3 million (\$5.3 million) in the six months to Nov. 30. The profit was boosted by the

sale of star player Paul Gascoigne to Italian club Lazio.

Venables, a former Tottenham player who holds a 23 percent stake in the club, will remain on the board as a nonexecutive director.

Tottenham's striker Gordon Durie, referring to Sugar, said: "I think he has made a big mistake, and that's the attitude of most of the lads I have spoken to." Toddy Sheringham, top goalscorer in the English Premier league this season, said earlier he might quit Tottenham if Venables were dismissed.

Sieve Davier.

Steve Device, a spokesman for Spurs supporters, said: "We're shocked and appailed. To ditch Venables after what he has done for

this club is an act of treachery." He said fans, scores of whom

gathered outside the club's White Hart Lane ground on Friday

morning would fight to keep Venables.

Venables, who as a player represented England at every level

venables, who as a player represented England at every level including at an antateur, was appointed manager in 1987. He combined with Sugar, founder of Amstrad PLC, in 1991 to save Tottenham from possible bankruptcy and win a takeover battle with the late newspaper magnate Robert Maxwell. In the season just finished the team finished a respectable eighth in the promuse leasure and more beaten terrificulties in the Leasure Com-

the premier league and were besten semilinalists in the League Cup.

resources will be applied as is appropriate to a football club.

department and never intend to do so."

Venables, 50, has been widely reported to have fallen out with



Michael Jordan expending some effort on defense against Craig Eblo in the Bulls-Cavaliers game.

# Ulan Bator, Latest Hoop Hotbed

SHANGHAI — Gary Dee Lemoine has left the comfields of Nebraska to create his own field of dressus on a Mongolian basketball court.

Lemoine is trying to whip into shape a Mongafian national team — a monumental task in an impoverished and isolated country populated mostly by herdsmen and their livestock.

That his basketball players have a long way to go was driven home by their losses at the East Asian Games in Shanghai: 121-43 on Monday to South Korea, 163-25 on Tuesday to China and 101-49 on Wednesday to North Korea.

"They've never run plays before," Lemoine ex-plained after the South Korea game, in which a Mongolian player threw a pass to a startled referee and the offense kept losing the ball when ap-

proaching opposing players.

The coach says his team, formed in March, is the first national basketball team in recent Mongolian history, perhaps the first since the sport was introduced in Mongolia after World War II.

Lemoine, 41, was working in Schryler, Nebras-ka, as a substitute teacher and music store salesman when he learned from Athletes in Action, an international Christian sports organization, that Mongolia was looking for a basketball coach. Lemoine, who played basketball for Tulsa Uni-

versity in the mid-70s, took on the two-month versity in the analysis, took on the two houng sons assignment, leaving his wife and two young sons behind. He is given a hotel suite, meals, a car and driver and a \$15 monthly salary.

Upon arriving in Ulan Bator, Mongolia's capital, on April 2, Lemoine found players who loved

basketball but had no understanding of its fundamentals. The few indoor basketball courts are mostly old, drafty - which means sweat suits are a must as late as April - and with floors sticky with several layers of paint.

Teaching the basics of the sport - called sagsan bombog in Mongolian — has been hard. But basketball is growing in popularity in Mongolia, whose isolation has been pierced by internation-

al television programming, among other things. After Monday's loss to South Korea, things got worse the next day against China. As time ran out, a frostrated Lemoine jumped off the bench to berate the Chinese coach for having his team apply full-

court pressure to run up the already lopsided score. In the locker room, the players seemed less interested in critiquing their play - where would they begin? - than marveling at the horse-shaped pendants presented as gifts by the Chinese team.

"We've never played such good teams, so we're learning many oew things," Mongolian player Tserendondog (Bird) Tseverbal said later.

### SIDELINES

Liquidation of AS Roma Is Approved ROME (AP) — The Italian soccer federation gave the green light Friday for the liquidation of AS Roma, the bankrupt Italian Cup finalist and one of the oldest first division clubs.

The liquidation procedure was decided by Italy's highest soccer authority after the Roman club piled up debts estimated at 60 billion lire (\$40 million) and the club owner, Giuseppe Ciarrapico, was arrested this week in a political corruption scandal.

### 2 Bulgarian Athletes Test Positive

SOFIA (Renters) — Bulgarians Nikolai Raev and Daniel Ivanov faced four-year bans from athletics on Friday after second back-up drug tests at the Toronto world indoor championships in March proved positive.

We sent an expert to attend the second tests and she informed us that the back-up tests also contained amphetamines," a Bulgarian Athletic

### Glue Banned on Table Tennis Paddles

GOTHENBURG, Sweden (Reuters) — The International Table Tennis Federation on Friday banned glue used to stick the rubber coating on paddles, effective Sept. 1. The world body had been concerned that glues posed a bealth hazard because of fumes.

The ITTF president, Ichiro Ogimara of Japan, said the equipment committee had recommended a double-sided adhesive sheet or a precoated rubber be used instead of glue.

### Woosnam's 67 Leads Spanish Golf

MADRID (AP) - The one-shot lead held by lan Woosnam of Wales going into the day stood up as the rain-interrupted first round of the \$750,000 Spanish Open was finally completed Friday.

Only 75 players — including Woosnam, who shot 67 — finished the first round on Thursday after thunderstorms suspended play for more than five hours. The other 81 players finished up Friday morning.

Nick Faldo and Peter Mitchell of England, Gordon Brand Jr. of Scotland and Roman Rafferty of Northern Ireland share second place at 68.

· Strong winds late in the day allowed early starters Scott Simpson, Dan Forsman and Russell Beiersdorf to hold the lead at 65 in the first round of the Byron Nelson Classic, Renters reported from Irving, Texas.

### For the Record

Everton football club has denied a newspaper report saying that it was

# Barkley Burns Down the Barn

### Suns Singe Spurs, Jordan's Teammates Lift Bulls Past Cavs

Charles Barkley was hot and Michael Jordan was not. Or rather, he didn't have to be, because his team-

mates did the work for him. Anyway, both Barkley's Phoenix Suns and Jordan's Chicago Bulls kept rolling Thursday night, with each team winning its second straight game in the best-of-seven

conference semifinals. In Phoenix, Barkley made 12 of 18 shots as the Suns beat the San Antonio Spurs, 109-103, in their Western Conference series. He also had seven steals, one shy of the NBA playoff record, 10 rebounds, and three blocks and finished with 35 points.

There is not much you can do when he's that hot," the Spurs' J.R.

Barkley, who had had his worst playoff game ever when he shot 5for-21 from the field in Game 1 on Tuesday, said he logged hours of extra practice between Tuesday's game and Thursday night.

"Obviously, it was very frustrating, because if you're not used to something, you have to experience it," said Barkley, who had shot 56.9 percent in his playoff career before this season. "It definitely weighs on

The Suns have now won a franchise-record five straight playoff games after taking the last three against the Los Angeles Lakers in the opening round.

Barkley got all seven of his steals in the first three quarters, when the Suns opened a 78-65 lead. Phoenix coach Paul Westphal said his team's defense in the third

quarter was the key to victory.

We're making them work for their

shots. I'm real proud of the way we played defense," Westphal said. Barkley sat out the first 8½ minutes of the fourth quarter, and the Suns built the lead to 94-78 without him. But Sours reserve Vinny Del Negro accounted for the first nine

point play, a layup and two "Michael told me before the jumpers while Phoenix missed seven straight shots.

"He played bigtime for us. Luke big shots," Reid said.

Kevin Johnson broke the spell with 2:03 remaining, driving for a down.'
layup that made it 98-89, and the ins weathered San Antonio's last

### **NBA PLAYOFFS**

rally at the free-throw line. David Robinson led the Spurs with 27 points and Del Negro, scoreless at halftime, finished with 19 and six assists in 17 minutes. Dan Majerle had 18 points for

the Suns, and Johnson added 15 pints and 12 assists. Robinson had 10 rebounds in the Spurs' 44-32 edge, their second straight lopsided margin. Phoenix's

36 rebounds in the first game had been a 1993 team playoff low. But the Spurs got only 42 points from starters besides Robinson and oooe from Willie Anderson, a key performer when the Spurs defeated

Portland 3-1 in the first round. Bulls 104, Cavaliers 85: In Chica-go, Jordan had to ask for help from his supporting cast in their Eastern Conference semifinal series, and they responded with a hravura per-

Horace Grant, shaking off an ankle injury, hit all eight of his shots, scoring 20 points, and Scottie Pippen added 19.

Jordan managed only 18 points, breaking a string of 59 playoff games in which he had scored at least 20 points. He had a valid excuse, not playing the last quarter because of a sprained right wrist. The fact the Bulls had blown the same apart with a 30-point lead

Precautionary X-rays taken after the game were oegative and Jordan should be ready for Game 3 at the Richfield Coliseum on Saturday.

game that they probably were going to go at him, so he told me to get going early," said Pippen, who (Coach John Lucas) wanted to go scored only nine points in Game 1. with him, and he produced, hitting "I knew I was going to come out and be aggressive on offense, but it

This fact was not missed by

coach Phil Jackson.

was our defense that shut them

"A great game came to an end about six minutes into the third quarter," Jackson said. "You saw some great Bulls defensive intensity in the last seven minutes of the second quarter and the first seven minutes of the third quarter. The 30-point lead was an awesome onslaught."

Awesome for the Bulls, embarssing for the Cavaliers.
"It was a terrible game and I told the team we have to put it out of our mind," said coach Lenny Wilkens. "We have to go home, re-

group and hope the homecourt will be kind to us." If it isn't, the Bulls, who have yet to lose a playoff game after sweeping Atlanta in three games, could

end it by Mooday.

If oot, the series returns to Chicago Stadium for Game 5 next Wednesday.

Grant scored 10 points in the Jordan didn't grab the spotlight first quarter and the other 10 in the third, when he led a 16-3 run that opened an 82-52 lead. He also was perfect with 4 for 4 from the free-

through for all the rest of us," said B.J. Armstrong, who helped with Jackson said he was pleased with

the scoring balance that was miss-ing in the opening 91-84 victory, when Jordan scored 43 points and Armstrong was oext with 10. "Their focus was on Michael, because of all the points he scored the other night," said Jackson, "and

was top scorer with 16 points, Craig Ehlo had 15 and Mark Price 13. "Horace is a warrior, he came "They beat us in every phase of the game, but you have to give their defense credit," Price said.

For the Cavaliers, Larry Nance

Olajuwon Wins

Defense Award

NEW YORK - Houston

Rockets center Hakeem

Olajuwon, who led his team to

its first division title in seven

years, Friday was named NBA

Defensive Player of the Year. The 7-foot (2.13-meter) Ni-

gerian-born Olajuwon, who led the league in blocked shots for the third time, received 73 of a

possible 98 votes from a nation-

wide panel of sports writers

season's winner, David Robin-

son of the Spurs, tied for sec-ond with nine votes each.

Houston defense that was first

in the Western Conference in

points allowed per game (99.8). He blocked 343 shots, averag-

ing 4.17 per game, and was first among centers in steals with

1.83 per game. He was fourth in

the NBA in rebounding.

and let everyone participate."

Michael Jordan and last

Olajuwoo spearheaded a

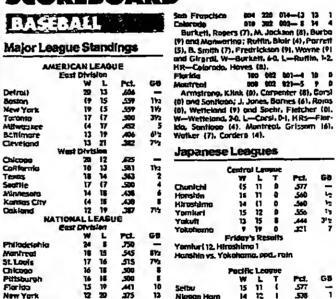
and broadcasters.

"They're a great team; they took away our half-court game," added Brad Daugherty, who was expected to be the focus of the offense, but

managed only nine points. "We knew they would be trapping the hall on us, but we didn't know how intense it was going to everyooe knew they had to step up. be," said John Williams.

### **SCOREBOARD**

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B. Davis [1]. 908 188 878-2 5 1 900 999 90s-4 8 1 Milwookee New York fred, Austin (7), Lloyd (7) and Knick! ft, Fart (9) and Stanley, W. Abbott, 2-5.

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and Knorr. W-Castillo, 1-0. L-MacDonold, 3
L. HRs-Dotroit, Whitcher (3), Fryman (5).

Deer (8). Torento, Molitar (4), Carter (11).

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New York 219 010 980-4 6 9 St. Lools 500 980 980-9 8 1 Schourek, Franco (1) and O'Srien; Cormier, Arucha (6), Lancasier (8) and Pospos, W-Schourek, 2-1, L-Cormier, (-1, HR—New York, Gallagher (1).

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Borkley (2-16 10-14 25, Dumtos 5-7-2-3 12, West 1-1 2-4 4, K. Johnson 3-7 9-16 15, Mollerte 7-16-3-7 18. Chombers 3-6 3-3 9, Cabolios 3-2 1-2 5. F. Johnson 9-8-90, Ainse 1-70-1 3, Miller 4-4 8-90. Totals 38-70 30-44 109. 3-Point soals—San Antonio 2-10 1Dei Nesro 2-4, A. Johnson 0-1, Cumminss 0-1, Duniels 0-1.

Ellis 0-3), Phoenix 3-10 (Borkley (-2, Alose 1-3, Mo(erie 1-5), Fouled set—None, Rebounds—Sen Antonio 51 (Robinson 19), Procent 45 (Borkley 10), Asalsts—Sen Antonio 24 (Elliott. on Del Negro 6), Phoenix 27 (K. Joh 

Stanley Cup Playoffs

DIVISION FINALS (Best-of-7)

(Series tied 3-3)

BASKETBALL

CONFERENCE 5EMIFINALS
(Best-947)
Cleveland 29 31 7 29 23—25
Chicate 29 32 27 29—104
(Chicago leads series 2-91
Nance 7-11 2-16 Sanders 5-7-9-10, Dougherty 2-7-4-8, Ehio 4-15 2-7 15, Price 4-7-4-4-13, Wildings-2-7-9-0-4, J.Williams 4-72-3-16, Brandon 0-1-0-0, Ferry 1-5-3-4-5, Phills 1-1-2-2-4, Guidinger 6-0-0-0, Totots 32-72 19-23-85.
Pippen-8-15-7-19, Grant 8-8-4-4-23, Cartwrisht 3-73-3-8, Armstrone 6-9-10-14, Jordon 0-18-2-6-18.

3-7-2-3 & Armstrone 6-9 B-114. Jordon B-18-2-5 13. King-2-6 1-2-5.5. Williams-3-10B-06, Paccson-0-09, Tucker 1-4-B-03, Perdue-3-4 1-27, McCray 1-4-B-0-2, Walker 1-2-B-0-2. Totals 4-87 13-22 184. 3-Point worls—Cleveland 2-8 (Price 1-1, Ehle 1-4, Wilkins 0-1), Chicaso 3-9 (Armstrong Ehle 1-4, Wilkins 0-1), Chicaso 3-5 (Armstrons 2-2, Tucker 1-3, S. Wilkiams 0-1, Jordan 0-2).
Fowled not—None. Rebounds—Cleveland 40 (Dougherty, Nunce 7), Chicaso 5-15. Wilkiams 10). Assists—Cleveland 19 (Price 0).
Chicaso 31 (Pippen 7), Total fauls—Cleveland 15, Chicaso 25.
Sen Antonio.

18. Zi. 74. Si—163.

15, Chicago 24.

Sea Antesia 18 23 24 38—163

Phoestx 25 27 26 31—169

(Phoesix leads series 2-0)

Corr 5-129-0 10, Elilott4-74-5 14, Robinson 11-22

5-6 27, Elila 3-10 2-2 5, A. Johnson 5-6 0-1 10,

Curmings 9-31-21, Anderson 9-59-08, Reid 2-34

48, Domielso-1-2-22, Del Nesro-1-21-1 19, Smith 1
2-2-2-4, Wood 9-1 8-0, Torists 3-24, 24-26 103.

Bertine (2-16) 2-14-35, Dummet 8-23-12, West Barkley (2-(010-1435, Dumos 5-72-312, West

First Period—1, Toronto, Andreychuk 11 IBorscheysky, Gill, 1:31 Ippl, Second Per-lod—None, Third Period—2.51, Louis, Lowry 3 Hull Michmil, 3:33.2, St. Louis, Brown J (Emerson, Hull), 8: W (pp), Shots on seq.—Toronto (on Joseph T2-16-13—41, St. Louis (on Potvint 0-40-27, Vanness

Los Angeles 1 2 (—5 (Los Angeles wins series 4-2)
First Pertod—1, Los Angeles, Blake 2 (Grandta, Rabitalile), 7:22. Second Pertod—2, Vos-couver, Diduck, 4 (Sondiok, Courthall), 6:48. 2 Vancouver, Sondiok 3 (Bobych, Nedwed), 11:28, 4 Los Angeles, Kurri 6 (Zhithib, Corson), 15:48 (pp. 1, 3), 4, Los Angeles, Sondistroma 6 (Sydor, Gretzky), 16:03 (pp.), 6, Los Angeles, Rychel 8 (Sondistrom, Gretzky), 17:44. Thirst Person—7.

(Sandstrom, Gretzky), 17:44. Third Period—7 Los Angeles, Gretzky 6, 0:54, & Vancouver Linden 5 | Murzyn 1, 17:05. Shots on goal-Van couver (on Hrudey 18-12-8—28. Las Angeles (or

CAREE AND A

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C CENG

Tour of Spain

Results Friday from the 19th stope, 153.8 kilomotiers (94.9 miles) from Olfon to Alto del Narunco: 1, Tony Rominger, Switzerland, Clas-Calestur, Jhours, 57 minutes, 41 seconds; 2, Laudelina Cubins, 59 minutes, 41 seconds, 2, Laudelina Cubins, 59 minutes, 35 seconds behind: 1, Alex Zuile, Switzerland, ONCE, 44 behind: 4, OSveria Rincon, Colombia, Amorya Segures, some filmer, 5, Jesus Mantoro, Spain, Amorya Segures, 54 behind.
4, Pedar Delgada, 5poin, Banesia, 97 behind; 7, Enrica Zaina, Haly, Mercatone Uno. 2:02 6. Pedor Delgados Spoin, Bonesso, 37 Denina; 7. Enrica Zalna, Halv. Mercatona Una. 2:02 behind; 0, Johna Bruyneel, Belsium, ONCE, 5.3.; 7. Erik Breukink, Natherlands, ONCE, 5.1.; 10, Jose Luis de Santos, Špoin, Banesto, 2:11 behind.

2:11 Behind.

Overold Stundines: 1, Tony Reminger, Switzerland, Clas-Colester, 67 hours, 46 minutes, 19 seconds; 2, Alex Zuite, Switzerland, Clas-Colester, 59 hours, 50 hours, 50 hours, 19 hours, 19 hours, 19 hours, 19 hours, 20 hours, kombia, Amaya Seguras, 8:49 behind; 5, Jesus Mantava, Spain, Amaya Seguras, 6:34 behind 4. Pedra Delgado, Spaia, Banesta, 9:21 be-Amaya Seguras, 15:44 behind; 10, Fernando Escartin, Spain, Clas-Calastw, 18:07 behind

\* EEL Contraction of the

GERMAN OPEN )p Hambers Singles, Quarterfloats

Singles, Quarterfinals
Steff Graf (I., Germany, def. Maggalena
Maleeva (6). Bulgaria, 6-26-2; Mary Joe Fernander (3). United States, def. Nothalle Touslot (3). France, 6-2-6-3; Conchita Martinez
(5). Spoin, def. Brench Schultz, Nethertands,
6-1-6-0; Gabriela Statiski, 1-21, Argentina, def.
Anke Huber (7). Germany, 7-6 (7-2) 6-1.

BASEBALL. American League NEW YORK—Put Bernie Williams, cut-

fielder, on 15-day disabled list.
TORONTO—Activated Dave Stewart, pilot-TORONTO—Activated Days Stewart, Piloter, from 15-day disobled list. Pur Oick Schofield. shortstop, on 60-day disobled list. Sent Doug Linton, pitcher, to Syracuse. IL. Reculied Greg Williams. Pitcher, from Syracuse. Some Northead League COLORADO—Pur Andres Galarraga, Itral baseman, on 15-day disobled list, retroactive to May 10. Reculted Joy Golner, First baseman, Ing. Colorath, Serlins. PC1

no May It. Recalled Jay Galler, Arst base-rom. Irom Colorado Serlings, PCL. PHILADELPHIA—Recalled Mike Williams, pilctier, from Scranton-Willes-Barre, IL. 5T. LDUIS—Activated Rene Arocha, pilctier, from 15-day disobled ltsl. Optioned Torn Urbani, pitcher, to Lauisville, American Association.

FOOTBALL Notional Football League CLEVELAND—Vince Newsome, safety, re

NOCKEY National Hockey League
NHL—Named William F. Short International
managing director for NHL Enterprises, Inc.
COLLEGE CONNECTICUT—Named Kothleen Gallor women's basketball cooch, and Glen Miller men's basketball coach.

women's bosketball cooch, and Glen Milli men's bosketball cooch. CDLGATE—Named Andrew Barlow bos ossistent omigric brecor or hose of the later of the late

cooch, resigned.

MONMOUTH, N.J.—Watter Woods, base MURRAY ST.—Johnny Reason, baseball coach, resigned. Marred Millo Thicke baseball coach, resigned. Marred Millo Thicke baseball coach, effective July 1.

OLD DOMINION—Named Carol Wilhus

WHITWORTH-Named Kevin Bryant ath

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when it comes hat food is a utomobile for ning to eat in

2. Fire insurance I am talking about an earwaxianna Wright-Newton, who sent me and was going the other way." an advertisement featuring a cartoon drawing of a man lying down on his side; sticking out of his left car is a long, tapered object with flames shooting out of the top. This is not a small candle such as you find on birthday cakes. This is more

villagers used to chase the monster out of Dr. Frankenstein's castle. The cartoon man's mouth is wide open, and he bas sort of a strange expression; you can't tell wbether he's saying. This certainly is a fine home remedy!" or, "Help! My brain is on fire!"

along the lines of the torches that the

I sent my order in immediately. At the risk of becoming the celebrity spokesman for this dread condition let me come right out and state that I am an earwax victim. There are many of us out here — lonely, tortured souls, little understood by society. We can't even talk frankly about our condition with each other. EARWAX VICTIM: Let's talk frankly about our condition. SECOND VICTIM: WHAT?

can temporarily remove it via an unpleasant process involving chemicals and a squeeze bulb, but your body just manufactures more. There is a sound biological reason for this; namely, your body is stupid. Your body is constantly manufacturing things you don't need, such as earwax, fat and zits.

So I sent my order for ear candles to Quality Health Products, Box 375, Fayette, Ohio 43521, and several weeks later they arrived. There were five candles, which made me wonder about the medical expertise of the folks at Quality Health Products, inasmuch as the typical U.S. resident, according to recent census data, has an even number of ears.

The candles are actually bollow cones, about 10 inches long, made of cotton and wax. The brochure

Earwaxing Poetic

candle." Under the heading "Can anything go wrong?" appears this:
"If the ear candle is not well seated in the ear when you start, you removal product called "ear can-might notice smoke coming out the dles.". Ear candles were brought to bottom. Stop immediately. Put it my attention by alert reader Mar- out and start over. It lost its draw

> [ hate it when that happens. So I followed the instructions very carefully. I cut a small hole in the center of a paper plate - which I assumed was supposed to protect my head from burning stuff falling from the candle — then I poked the skinny end of the candle through the bole and seated it firmly in my ear. Then I lay down on my side, with my head under the plate and the candle sticking into the air. My son, Rob, lit the candle, it flared right up, and I could hear a hissing sound in my ear, and I thought to myself: What if something goes wrong here? What would the newspapers say? MAN KILLED IN EAR BLAZE

Deserved to Die, Anthorines Say But nothing had happened. In fact, it was kind of a nice, old-fashioned scene, the whole family gathered around to bask in the glow of Dad's ear candle. I'm sorry we didn't bave marshmallows.

When the candle had burned There is no cure for earwax. You down close to my bead, Rob extinguished it with a wet paper towel. I then pulled the candle out and unwrapped it. Because this is a family newspaper, I will not go into detail about what was inside, other than to say that everybody was grossed out except the dogs, who displayed the kind of keen interest that they usual-

ly reserve for rancid squirrel parts. So I believe this is a fine product. Even if you're not an earwax vic-tim you'd probably find it useful in situations where you wish to re-ceive special attention, such as fine restaurants. ("Waiter, please bring our entrees promptly, as my ear candle is burning down.") At only \$2.50 each, ear candles also make a delightful gift for the new graduate or the young woman who has just gotten engaged. ("Will you marry me?" "WHAT?")

Knight-Ridder Newspapers

# Edward Sorel, Enlightenment Cartoonist

By William Grimes

New York Times Service
NEW YORK — The studio of Edward
Sorel is a clean, well-lighted place, a cozy, garretlike work space in the corner of his TriBeCa loft in New York City. The billboards over his drawing table and on the wall opposite are something else: a magpie assortment of preliminary sketches, notes, photographs, inside jokes, an award or two, and scraps ripped out of magazines. A tour through the hits and pieces is a ramble through Sorel's surprising and unusually convoluted brain.

There's the old Newsweek cover showing Sylvester Stallone as Rambo wrapped in an American flag. "Someday I may need to know bow the stripes work," Sorel says; it's an odd comment from one of the United States's foremost political satirists. An illuminated page by Jean Fouquet shows Joshua and his army blowing trum-pets outside the walls of Jericho, which is represented as a jewel-like cluster of medieval town huildings. That, too, might come in handy. "I thought it would make a nice Christmas cover if all those buildings were department stores." Sorel says. There's a letter from Mary Astor to

Sorel, thanking him for a cartoon he did of "The Maltese Falcon," and a photograph of Jack Oakie, one of Sorel's heroes from Hollywood's golden age. A sketch for a New Yorker cover shows a gang of rioting dinosaurs, a reference to the forthcoming film "Jurassic Park."

Here are all the major obsessions and themes: the left-wing politics, the anti-clericalism, the movie mania, the strong streak of fantasy and the literate, off-the wall sense of humor. All will be on display at the Society of Illustrators, which mounted "Edward Sorel: Pre-Post-Modernist Drawings," an exhibition running through June 24.

With 75 drawings, caricatures, illustra-tions and cartoons, the show will dip in and out of Sorel's varied output over the past 25 years, including an early cartoon for Ramparts magazine and a record album cover or two, and a generous belping of his more recent work for The Village Voice, The Atlantic and The Nation.

Sorel's work has appeared in Time, Harper's, Esquire and other magazines, hut The Atlantic and The Narion have been his flagships. At The Nation, he sup-plies his scribbly, scratchy cartoons as the mood strikes him. The drawing is loose,

A recent issue presented a scene from the book of Revelations, as revised by the artist. Thundering across a field were the Four Horsepersons of the Apocalypse: Pesti-lence, War, Hunger and . . . Madonna, a shrieking skeleton with a torpedo bra.



Sorel in his studio: It is the "noble calling" of the cartoonist to defend the powerless and attack injustice.

For The Atlantic, Sorel and his wife, Nancy, contribute "First Encounters," a series that commemorates the first meetings of, say, Lotte Lenya and Kurt Weili or J. Edgar Hoover and Emma Goldman. In one first encounter, F. Scott Fitzgerald, with the self-confident charm of a man working on his sixth martini, holds forth to Edith Wharton, who fixes him with a gaze of steel. Sorel does the drawings. His wife, Nancy

dwell Sorel, writes the text, Now, at 63, Sorel has ratcheted his career up a couple of notches, breaking into the pages of the Tina Brown New Yorker

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with a bang. With attention focused on the new New Yorker's maiden issue last fall, the first thing to hit the reader's eye was Sorel's cover, showing a spindly pmk (Eustace Tilly's grandson, perhaps?), stretched out in an exaggerated pose of aristocratic languor, riding through Central Policies approximately policies.

tral Park in a carriage.

Sorel is a satirist of the old school, the one that begins with the Enlightenment and the ferocious rationalism of Swift and Voltaire. His targets are the tried and true ones: pomposity, hypocrisy, vanity and human folly. It is the "noble calling," as be puts it, of the cartoonist to defend the powerless and attack injustice.
"I was never a theorist," says Sorel. "I respond viscerally to injustice. I think every cartoonist responds viscerally to injus-

tice and dislikes buillies." Sorel's gut instincts, and his earliest artistic influence, can be traced directly to his childhood in the Bronx, where his Jewish immigrant parents scratched out a living. Newspaper cartoons and movies were ready to hand. "Poor kids grow up with popular culture," he says. "They don't go to the Met."

### PEOPLE:

### Diana's Brother Wins 1

A Round Against Press At least one member of Princes At least one member of Princes
Diama's family, her brother East
Spencer, has gotten the better of
the press. He has accepted undisclosed damages for libel for two
articles linking him with black market sales of Bolshoi Ballet tickets
for his private box at the Royal
Albert Hall. Paying up are The
Mail on Sunday and Times Newspapers for a story in The Straigh papers for a story in The Sunday Times of London. Both papers also

apologized.

Is NBC really ready to say thanks for the memories to Bo Hope, who turns 90 on May 29, and end 59 years of collaboration? Linda Hope, his daughter, said the new work has not committed itself to renewing his contract, which runs out this month. That means Fri day's special honoring Hope could be his final appearance. Mean-while, Hope got his fourth star in the Hollywood Walk of Fame.

Leona Helmsley, 73, will get out of prison by the end of the year if parole officials follow a judge's recommendation that her four-year term for tax evasion be limited to 20 months. Helmsley has served nearly 13 months. But Assistant U.S. Attorney Jeffrey Skiaroff said the government opposes parole.

The Briton Harry Taylor, 33, became the first mountaineer to reach the summit of Mount Everest from the Nepalese side without oxygen "I was so dog-tired," he said, "and all I did was sit down and take a picture and I just wanted to go

Janet Malcolm, accused of fabricating quotations by psychoanalyst Jeffrey Masson in a New Yorker article, says she sometimes combines quotations from different inbines quotations from different in-terviews, but never makes them up. Testifying in Masson's libel suit against her, she said she and other New Yorker writers commonly interview the same person at different times and places and combine their statements into one mono-

INTERNATIONAL CLASSIFIED Appears on Page 4

### WEATHER

### GENETIC JUMBLE By Robert H. Wolfe

# Forecast for Sunday through Tuesday **North America** Europe Asia Blustery and cool in Toronto and Montreal Sunday with a passing shower, then not accool Monday and Tuesday. Gusty winds and sunshine in New York City Sunday; sun-shine Monday and Tuesday.

### **BOOKS**

### HITTER: The Life and Turmoils of Ted Williams

By Ed Linn. Illustrated. 437 pages. \$23.95. Harcourt Brace &

Reviewed by Christopher Lehmann-Haupt A S Ed Linn observes of his sub-

ect near the end of "Hitter: The Life and Turmoils of Ted Williams." "He committed himself to becoming the greatest hitter in the game, and for two decades he made the Red Sox exciting in the sheer anticipation of his next turn at hat." Whatever created that excitement — Ted Williams's genius with a baseball bat or the possibility that bis tempestuous nature might erupt in some bizarre on-field behavior

- the same sense of anticipation surrounds Linn's sports biograpby and makes what is normally a pe-

He tells us some surprising things. He reports that Williams's mother. May Venzer was part Mexican-American, part French-Amer-ican. As Linn writes: "If it had been known during his playing days that Ted Williams was onefourth Mexican, ne might well have become the same kind of icon to the Mexican-American population that Joe DiMaggio was to Italians." He tells us that so intense was Williams's dedication to the science of hitting that as a boy he would stand for hours in the backyard with a bat in his hands, visualizing different pitches and imaginlow be would hit them.

in the Naval Air Corps Reserve in World War II. He came away understanding bow the Bernoulli effect, which states that an increase in the velocity of air reduces the static pressure, could be applied to the movement of a curveball, and bow that movement could most effectively be altered by the proper swing of the right-size bat.

Yet all this couldn't explain what Williams accomplished with his bat in 1941 and the rivalry between hitting safely in 56 consecutive games, and Williams, who became the last major leaguer to date to bat above .400. (He hit .406.)

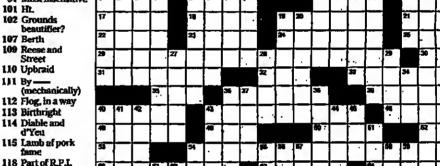
Only at the end, when in successive chapters "Hitter" covers Williams's 1960 retirement and a 1991 bomecoming to celebrate the 50th universary of his .400 season, does

Williams himself fought the pull of sentiment during his final game. As Linn writes: "In watching him, you had the feeling that be was overplaying his role, that he had struggled through the night against the great affection that the city had been showering upon him for two ing this desire he was overreacting and becoming more profane, more impossible, and, yes, more unbear-

Williams finally tips his cap for the first time in 52 years. He tells the New England fans he loves them,

Christopher Lehmann-Haupt is on the staff of The New York Times.

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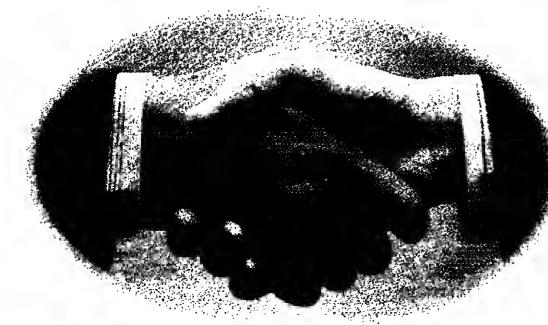
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# Speed up the approval process



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